

## CHAPTER II SOCIAL SECTOR

### 2.1 Introduction

The Chapter contains findings based on audit of the State Government departments under Social Sector.

Social Sector is one of the most important sectors of any economy. It includes components which play an important role in the contribution of human resource development. Education, health and medical care, training, water supply and sanitation, housing conditions, *etc.*, are some of the components which contribute to the enhancement of human capital. Since human capital refers to the productive capacities of human beings as income producing agents in the economy and may be defined as a stock of skills and productive knowledge embodied in people, there is a direct relationship between Social Sector and growth of an economy.

**Table 2.1.1** gives the expenditure incurred during the last five years by some of the major departments under Social Sector.

**Table 2.1.1: Expenditure incurred by major departments under Social Sector during 2018-23**

(₹ in crore)

Years	Education	Community & Rural Development	Medical, Health & Family Welfare	Total on Social Sector (per cent)	Total Expenditure <sup>#</sup>
2018-19	1,369.25	922.83	614.33	4,653.17 (31.89)	14,590.22
2019-20	1,471.16	1,017.35	665.69	4,817.07 (28.06)	17,165.50
2020-21	1,540.92	1,917.63	962.38	6,534.62 (29.04)	22,505.98
2021-22	1,725.22	2,129.83	1,073.46	6,792.93 (25.29)	26,855.94
2022-23	2,103.11	2,003.29	1,300.78	7,447.83 (27.89)	27,096.84

Source: Appropriation Accounts.

<sup>#</sup> General, Economic (Other than PSUs) and Social Sectors.

**Table 2.1.2** provides Department-wise details of budget provision and expenditure incurred by the 17 departments pertaining to Social Sector during 2022-23.

**Table 2.1.2: Budget Provision and Expenditure of departments in Social Sector during 2022-23**

(₹ in crore)

Sl. No.	Department	2022-23		Savings	Savings as per cent of Budget Provision
		Budget Provision	Expenditure		
1	Adult Education*	2,574.15	2,103.11	471.04	18.30
2	Education (Schools)*				
3	Education (University)*				
4	Technical Education*				

Sl. No.	Department	2022-23		Savings	Savings as per cent of Budget Provision
		Budget Provision	Expenditure		
5	Community and Rural Development	4,758.66	2,003.29	2,755.37	57.90
6	Tribal Affairs and Hill and Schedule Castes Development	865.50	531.39	334.11	38.60
7	Medical, Health and Family Welfare	1,747.26	1,300.78	446.48	25.55
8	Municipal Administration Housing and Urban Development	823.39	361.84	461.55	56.05
9	Social Welfare	1,270.22	644.43	625.79	49.27
10	Minorities and Other Backward Classes	674.62	210.43	464.19	68.81
11	Panchayat	162.27	56.83	105.44	64.98
12	Relief and Disaster Management	128.34	15.64	112.70	87.81
13	Consumer Affairs, Food and Public Distribution	172.77	54.25	118.52	68.60
14	Youth Affairs and Sports	146.36	76.35	70.01	47.83
15	Labour and Employment	420.45	28.02	392.43	93.34
16	Art and Culture	59.93	46.22	13.71	22.88
17	Information and Publicity	16.90	15.25	1.65	9.76
<b>Total</b>		<b>13,820.82</b>	<b>7,447.83</b>	<b>6,372.99</b>	<b>46.11</b>

\* Separate information not available.

Source: Budget Documents and Appropriation Accounts.

As it can be seen from the **Table** above, there was overall savings of ₹ 6,372.99 crore (46.11 per cent) during 2022-23 from Budget provision under Social Sector. In terms of percentage of savings, Department of Labour and Employment had the maximum savings of ₹ 392.43 crore (93.34 per cent) followed by Relief and Disaster Management at ₹ 112.70 crore (87.81 per cent) and Minorities and Other Backward Classes Department at ₹ 464.19 crore (68.81 per cent) against their respective Budget provisions during 2022-23.

### **2.1.1 Planning and execution of Audit**

Compliance audit of Social Sector is conducted in accordance with the Annual Audit Plan approved by the Comptroller and Auditor General of India. Topicality, financial profile, social relevance, internal control system of the units and occurrence of defalcation/ misappropriation/ embezzlement as well as past audit findings form the basis of risk assessment for selection of auditable entities.

After completion of the compliance audit, Inspection Reports (IRs) are issued to the heads of units as well as to the concerned heads of departments. In the light of replies received, audit observations are reviewed and settled if action taken by the audited entities is satisfactory. However, if no action is taken or action taken is not sufficient, the audit findings are retained and units are advised to take further remedial measures. However, some serious and selected audit findings are processed for inclusion in the Audit Report of the Comptroller and Auditor General of India for placing of the same before the State Legislative Assembly as mandated by the Constitution.

Keeping in view the importance accorded to the Social Sector by the State, Audit accorded importance to the Social Sector in the Annual Audit Plan. Out

of total 73 units<sup>2</sup> selected for compliance audit during 2022-23 which pertained to Social Sector, we conducted audit of 58 units (79.45 per cent) involving expenditure of ₹ 1,569.32 crore including expenditure of previous years. As of March 2023, 29 IRs containing 95 paras were issued to the State Government with copies to the heads of the departments concerned.

Year-wise details of expenditure audited in respect of Social Sector during 2022-23 are shown in *Appendix 2.1*.

This chapter contains two Performance Audits and two Compliance Audit Paragraphs as discussed in succeeding paragraphs.

## PERFORMANCE AUDIT

### DEPARTMENT OF LABOUR AND EMPLOYMENT

#### 2.2 Performance Audit on Welfare of Building and Other Construction Workers

##### Highlights:

- *There was delay in implementation of the provisions of the Act as the State Government notified the “The Manipur Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules 2008” in October 2008 after a gap of 12 years of the enactment of the Act.*  
(Paragraph 2.2.9.1)
- *The Labour Department had not made any significant effort to identify and register establishments or employers within the State.*  
(Paragraph 2.2.10.1)
- *None of the 52 registered employers/establishments had furnished requisite annual returns to the Department and to the Board during the period 2017-18 to 2021-22. Further, no follow-up action was taken to ensure submission of these returns by the employers.*  
(Paragraph 2.2.10.2)
- *Analysis of beneficiaries’ records revealed that there were 433 cases having same name, same father’s name, same address and same date of birth but allotted with multiple registration number.*  
(Paragraph 2.2.10.8)
- *During the audit period no assessment of cess was conducted by the Deputy Labour Commissioner.*  
(Paragraph 2.2.11.1)
- *Test check of the Bank Account of the Board for the years 2017-18 to 2021-22 revealed that 73 cheques for an amount of ₹ 16.08 crore presented for deposit into the account of the Board were dishonoured by the Bank, resulting in loss of cess.*  
(Paragraph 2.2.12.3)

<sup>2</sup> Including 7 Apex Bodies

- *The State Government had released the cess collected amounting to ₹ 63.61 crore to the Board only on two occasions, out of cess collected amounting to ₹ 101.15 crore, leaving a balance of ₹ 37.54 crore.*  
(Paragraph 2.2.12.7)
- *Board had invested ₹ 5.31 crore in Manipur State Co-operative Bank (MSCB), which is not a nationalised bank, against the direction of the Hon'ble Supreme Court of India.*  
(Paragraph 2.2.14.3)
- *Analysis of records of 74,838 registered beneficiaries of the State who had availed benefits under one scheme or more during the period covered by audit revealed several irregularities.*  
(Paragraph 2.2.15.2)
- *Out of payment made to 675 beneficiaries for Natural Death, there were 242 cases where financial assistance was given after a delay ranging from 61 days to 1947 days.*  
(Paragraph 2.2.15.6)

### 2.2.1 Introduction

The Government of India (GoI) enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (Act) and Building and Other Construction Workers Welfare Cess Act in 1996 (Cess Act) with the aim to provide safety, health and welfare measures for the benefit of building and other construction workers through levy/collection of cess. The GoI also framed (November 1998) the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998 (Rules) and Building and Other Construction Workers Welfare Cess Rules (Cess Rules) in 1998. The Act *inter alia* mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every State Government to exercise the powers conferred under the Act.

Accordingly, the Government of Manipur (GoM) notified<sup>3</sup> the Manipur Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2008 (MBOCW Rules) and constituted (April 2010) the Manipur Building and Other Construction Workers' Welfare Board (Board) for implementation of the welfare schemes provided in the Act and Rules *ibid*. The Board levies labour cess at the rate of one *per cent* of the cost of construction.

The provision of the Act is applicable to every establishment which employs or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction work in the age group of 18 to 60 years and who were not members of any Welfare Fund established under any law and had completed a period of 90 days of service during the preceding

<sup>3</sup> No. 5/254/97-Lab dated 29<sup>th</sup> October 2008

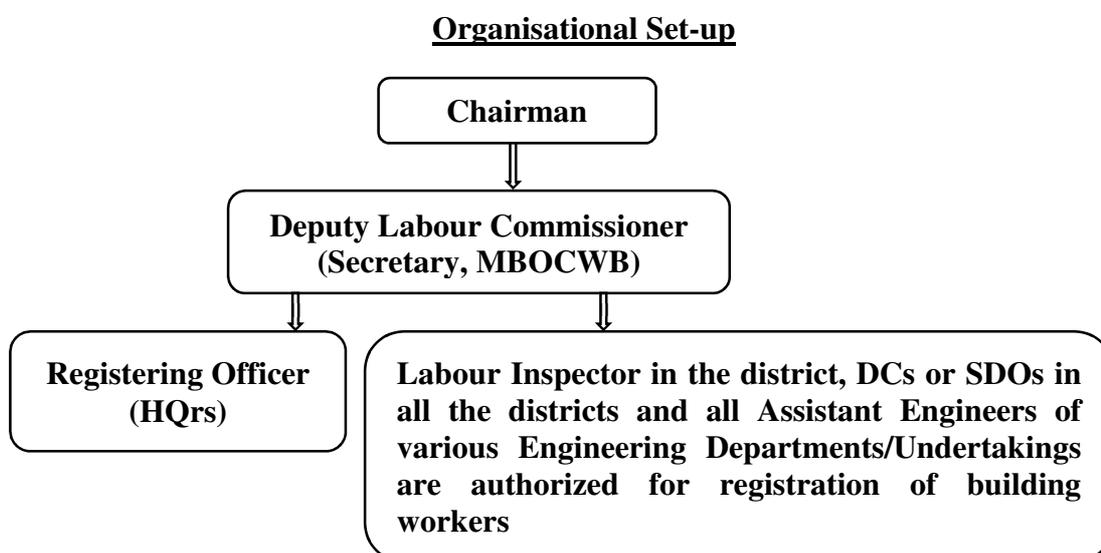
12 months as construction worker in the State, who in turn could be registered as beneficiary. The 'Establishment' defined as per the Act is as follows:

- I. Any establishment belonging to, or under the control of Government, any body corporate or firm, an individual or association or other body of individuals which or who employs building workers in any building or other construction work; and includes an establishment belonging to a contractor;
- II. An individual who employs such workers in any building or construction work in relation to his own residence, where the total cost of such construction is more than ₹ 10 lakh.

### 2.2.2 Organisational Set up

The Board is headed by a Chairperson who is responsible for administration of the fund and implementation of various welfare schemes. He is assisted by the Deputy Labour Commissioner who acts as the Secretary of the Welfare Board. One Labour Inspector in each district is authorised for registration of building workers under Section 12 (2) of the Act. Besides, the Deputy Commissioner (DC) or Sub-Divisional Officers (SDO) in all Districts and all the Assistant Engineers (AEs) of various engineering Departments/Undertakings are authorised for registration of building workers<sup>4</sup>.

The organisational set-up has been depicted in the following chart:



### 2.2.3 Function and Duties of the Board

#### 2.2.3.1 Functions of the Board

As per Section 22 of the Act, the Board may:

- provide immediate assistance to a beneficiary in case of accident;
- make payment of pension to the beneficiaries who have completed the age of sixty years;

<sup>4</sup> Till now no registration has been made by these offices

- pay such amount in connection with premia for Group Insurance Scheme of the beneficiaries as it may deem fit;
- give such financial assistance for the education of children of the beneficiaries as may be prescribed;
- meet such medical expenses for treatment of major ailments of a beneficiary or, such dependent, as may be prescribed; and
- make payment of maternity benefit to the female beneficiaries, *etc.*

### **2.2.3.2 Duties of the Board**

As per Manipur Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules 2008, the responsibilities of the Board are:

- (1) Administration of the Fund, laying down policies for the deposits of the amount of the Fund, submission of annual budget for sanction and annual report on the activities of the Board to the State Government, proper maintenance of accounts, annual audit of accounts of the Board and submitting audit report to the State Government on or before 31 July every year, collection of contribution to the fund and other charges, *etc.*
- (2) Furnishing information to the State Government on such matters as the State Government may refer to it, from time to time.

### **2.2.3.3 Shortage of human resources**

The Hon'ble Supreme Court of India issued directions (January 2010) to all the States for the formation of Welfare Boards with adequate full time staff within three months. It also directed the State Government to appoint Registering Officers and set up centers in each district to receive and register the applications and issue receipts for the applications.

The State Advisory Committee in its First Meeting (October 2010) recommended that the Welfare Board may frame and notify its Standing Order describing the condition of the Chairman, Members, Secretary, Officers and other employees of the Welfare Board, Recruitment Rules with the approval of the State Government.

The details of men in position of the Board are shown in the **Table** below:

**Table 2.2.1: Sanctioned strength and Men in position**

Category of post	Sanctioned strength	Men in position	Shortage/ Remarks
Deputy Labour Commissioner*	1	1	-
Chief Inspector*	1	1	-
Inspector*	16	8	8
OSD (Legal)	-	1	The Department does not have sanctioned strength of these categories of post.
Computer Programmer	-	2	
Assistant Computer Programmer	-	2	
Computer Assistant	-	13	
Field Assistant	-	22	
LDC	-	1	
Accountant	-	10	

Category of post	Sanctioned strength	Men in position	Shortage/Remarks
Office Assistant	-	4	
Peon	-	2	
Driver	-	5	
Multitasking Assistant	-	3	
Sweeper cum Chowkidar	-	1	
Personal Assistant	-	1	

\* Staff utilised on deputation from Labour Department

Source: Departmental records

Audit observed that the Board is yet to frame its Standing Order and Recruitment Rules. Audit also observed that the State Government had neither assessed staff requirement nor sanctioned any staff for implementation of the Act. There was no regular staff of the Board. As such, the Board was functioning with staff on deputation from Labour Department and temporary<sup>5</sup> engagement. Besides this, there was acute shortage of staff and as such the Board could not open field offices and exercise proper control over collection and implementation of the schemes.

#### 2.2.4 Audit Objectives

The objectives of audit were to assess whether:

- The rules notified by the Government of Manipur under the Act are consistent with the objectives of the Act;
- There was effective system for registration of establishments and beneficiaries;
- Cess assessment, collection, and transfer of collected cess to the Fund was efficient;
- Government prescribed appropriate health and safety norms and could ensure an environment of compliance to those norms by Employers;
- Government implemented transparent and effective system of inspections to check evasion of Labour cess and compliance to health and safety norms by Employers; and
- Administration and utilisation of fund on implementation of welfare scheme by the Board was efficient and effective and as per the Act and rules framed by the State Government.

#### 2.2.5 Audit Criteria

The Audit Criteria for assessing the implementation of various provisions of the Act/Rules are:

- Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996;

<sup>5</sup> OSD (Legal) (1); Computer Programmer (2); Assistant Computer Programmer (2); Computer Assistant (13); Field Assistant (22); LDC (1); Accountant (10); Office Assistant (4); Peon (2); Driver (5); Multitasking Assistant (3); Sweeper cum Chowkidar (1) & Personal Assistant (1)

- State Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Rules, 2008;
- Manipur Building and Other Construction Workers' Welfare Scheme Rules 2016;
- Building and Other Construction Workers' Cess Act 1996 and Cess Rules, 1998;
- General Financial Rules, 2017;
- Resolutions passed by the Board;
- National Building Code of India, 2016 titled 'Construction Management, Practices and Safety';
- Indian Standard Safety Code for Scaffolds and Ladders Part I & II (IS: 3696);
- Inspection Policy notified by State Government;
- The Hon'ble Supreme Court of India's judgment 2018; and
- Model Scheme for Building and Other Construction Workers and Action Plan.

### **2.2.6 Audit Scope**

The Performance Audit (PA) of the Welfare of Building and Other Construction Workers for the period 2017-18 to 2021-22 was conducted during September 2022 to April 2023, by test check of records of the Manipur Building and Other Construction Workers Welfare Board (Board), Labour Department, Works Department with highest expenditure on works and local bodies from each selected district. As the Labour Department and Board had no field/District offices, no offices were selected at District level.

The PA commenced with an Entry Conference held on 27 September 2022 with the Deputy Labour Commissioner, who is the Secretary of the Welfare Board and representatives from the State Finance Department, Engineering Departments, ULBs and PRIs wherein audit objectives, scope, criteria and methodology of the PA were discussed. The audit findings were discussed in an Exit Conference held on 7 December 2023 with officials from Municipal Administration, Housing & Urban Development Department (MAHUD), Tribal Affairs and Hills Department, Labour Board, Labour Department, Public Health Engineering Department (PHED) and Public Works Department (PWD). The replies of the Department/Board have been incorporated as appropriate in the report.

### **2.2.7 Sampling Methodology**

Four districts (two each from valley<sup>6</sup> and hill<sup>7</sup> districts) out of 16 districts (six valley and 10 hill districts) in the State, were selected based on maximum amount of benefits under welfare schemes implemented by the Board and maximum contribution in cess fund, for detailed examination.

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<sup>6</sup> Imphal East and Imphal West

<sup>7</sup> Churachandpur and Senapati

Two audit units in each selected district with highest expenditure on works were selected for checking whether the construction works are being registered as establishments, the contractors are being registered as employers and whether applicable Labour Cess is being deducted from payments and is deposited timely into the Board's account.

Two Local Bodies/Urban Development Authorities were selected from each district for assessing whether applicable Labour Cess was collected and deposited with the Board.

As per "The Manipur Building and Other Construction Workers' Welfare Scheme, 2016", 11 Welfare Schemes<sup>8</sup> were to be implemented. However, only seven schemes were being implemented as of March 2023, all the seven Schemes implemented by the Board were selected for the Performance Audit.

Beneficiary survey and joint physical verification was conducted with Department officers and the findings were incorporated in appropriate paragraphs.

### **2.2.8 Acknowledgement**

Audit acknowledges the co-operation extended by the Labour Department, Board, sampled audit units, Local Bodies/Urban Development Authorities and beneficiaries during the conduct of the Performance Audit.

### **Audit Findings**

The results of the Performance Audit are discussed in the succeeding paragraphs.

### **2.2.9 Compliance with Acts and Rules**

#### **2.2.9.1 Delay in implementation of provisions of the Act**

The Government of India enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act in 1996.

However, the State Government notified the "The Manipur Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules 2008" in October 2008 after a gap of 12 years from enactment of the Act by adopting the provisions of "The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules 1998", except for Rules 10 to 22 which were modified in accordance with the requirement of the State. There was no inconsistency noticed with the Central Rules.

<sup>8</sup> (i) Immediate assistance in case of accident to the beneficiary (Accidental Benefit); (ii) Financial assistance for education of children of the beneficiary (Education); (iii) Medical expenses for treatment of major ailments of a beneficiary (Medical treatment); (iv) Maternity benefit and Health benefit; (v) Natural death relief; (vi) Skill Development Training (vii) Other Benefits (viii) Pension to the beneficiaries building workers who has completed sixty years; (ix) Loan or advance for construction of a house; (x) Premium of group insurance scheme of beneficiaries and (xi) Health care insurance.

### **2.2.9.2 State Advisory Committee**

Section 4(1) of the Act provides that the State Government had to constitute a committee *viz.*, State Advisory Committee (SAC) to advise the State Government on such matters arising out of the administration of the Act and the State Advisory Committee had to conduct meetings<sup>9</sup> at least once in six months.

The SAC was constituted twice<sup>10</sup> after notification of MBOCW Rules in 2008. The term of the Committee was three years from the date of notification. The Committee formed in 2010 was in existence till it was re-constituted in December 2015. Thereafter, SAC was not re-constituted till March 2023. Further, up to 31 March 2023, only two meetings were held (November 2010 and December 2015). No SAC meeting was held during the period covered in audit.

While accepting the audit observation, the Board stated (November 2023) that meeting of the committee are being planned and will be held soon. However, no information has been received on holding of meetings (May 2024).

### **2.2.9.3 Expert Committees**

Section 5(1) of the Act stipulates that the Government may constitute one or more expert committees consisting of persons specially qualified in building and other construction works to advise the Government to frame Rules under the Act.

Though an expert committee was constituted<sup>11</sup> (September 2018), its recommendations<sup>12</sup> were made only once in November 2019 and no meetings/recommendations were made since then. In the absence of such meetings or periodical recommendations, the Board was deprived of the expert committees' advice for efficient implementation of the schemes.

While accepting the audit observation, the Board stated (November 2023) that meeting of the committee are being planned and will be held soon. However, no information has been received on holding of meetings (May 2024).

### **2.2.9.4 Manipur Building and Other Construction Workers' Welfare Board**

The Hon'ble Supreme Court of India directed<sup>13</sup> (January 2010) that every Welfare Board would hold meeting at least once in every two months and shall submit comprehensive reports as required under the Act and Rules to the respective Government.

The Board had conducted only four meetings<sup>14</sup> against the required 30 meetings during 2017-22. As such, implementation of all the schemes could not be

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<sup>9</sup> Rule 14(1) of MBOCW Rules 2008

<sup>10</sup> On 01-10-2010 & 16-12-2015

<sup>11</sup> No. 5/16/2018-L&E (MBOCWWB) dated 29<sup>th</sup> September 2018

<sup>12</sup> No. 5/16/2018-L&E (MBOCWWB) dated 12<sup>th</sup> November 2019

<sup>13</sup> Civil Writ Petition No. 318 of 2006

<sup>14</sup> On 14-06-2017, 05-02-2018, 22-10-2018 & 05-10-2020

discussed, and out of 11 schemes listed in the Scheme Rules for implementation, four schemes<sup>15</sup> were not implemented by the Board and implementation of the seven schemes which were being implemented could not be reviewed periodically.

While accepting the audit observation, the Board stated (November 2023) that the meeting would be planned soon. However, no information has been received on holding of meetings (May 2024).

#### **2.2.9.5 Non-preparation of Budget**

Section 25 of the Act stipulates that the Board shall prepare in such form and at such time each financial year, as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure of the Board and forward it to the State Government and the Central Government. Also Rule 34 of the Manipur Building and Other Construction Workers (MBOCW) Rules, 2008 prescribes the forms and manner of preparation of the Budget.

Scrutiny of records revealed that the Board had not prepared any budget estimate since inception. For a scheme/project to be successful a budget is required to be prepared and the source of fund estimated at the planning stage. Non-preparation of budget would have an adverse impact on the effective implementation of the schemes.

While accepting the audit observation, the department stated (November 2023) that the Board is planning to prepare the Annual Budget from 2023-24 onwards. However, no information has been received on preparation of Annual Budget (May 2024).

#### **2.2.9.6 Non-preparation of Annual Report**

Rule 35 of the MBOCW Rules, 2008 stipulates that the Annual Report on the workings and activities of the Board shall be prepared within 60 days after the end of the previous financial year and a copy of the reports shall be submitted to the State Government and the Central Government by July every year.

Audit noticed that the Board had not prepared any Annual Reports during the period covered by audit.

The Board stated (November 2023) that as they did not have expert staff for preparation of Annual Account, they have requested the State Government for posting a Finance Officer. Expert knowledge of accounts is not a necessary requirement for preparation of Annual Report.

#### **2.2.9.7 Non-preparation of Annual Statement of Accounts**

Rule 36 of MBOCW Rules 2008 stipulates that the Board shall prepare and maintain the Annual Statement of Accounts and furnish to the State Government on or before 31 July every year its audited copy of accounts

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<sup>15</sup> Health Care Insurance, Premium of Group Insurance Scheme of beneficiary, Loans or advances for construction of a house and Pension to the beneficiary building worker who has completed sixty years

together with the Auditor's Report under sub-section (4) of section 27 of the Act.

The Board had not prepared any Annual Statement of Accounts during the period covered by audit.

While admitting the audit observation, the Board stated (November 2023) that they have now recruited regular/permanent staff during April 2023 and henceforth audit observation would be complied with.

## **2.2.10 Registration of establishments and beneficiaries**

### **2.2.10.1 Short registration of establishments**

Section 7 of the Act stipulates that every employer, undertaking construction work, would make an application to the registering officer for registration of the establishment within 60 days from the commencement of the work. Further, Chapter IV of the Central Rules (as adopted by the State Government) specifies the manner of registration of the works as establishments.

The Model Welfare Scheme guidelines suggested that the State may take up the following measures to strengthen the machinery for registration of establishments, which, *inter alia*, includes:

- The registration of establishments should be made on-line to make the process of registration quicker and to minimise public interface [Clause B],
- The State Governments should issue directions to all Departments/ State undertakings/ local bodies in their jurisdiction to timely forward a copy of the allotment of work order with regard to construction activity to be carried out, to the relevant registration, cess collection and cess assessment authorities appointed under the BOCW Act by the State [Clause C],
- The State Governments should develop a mechanism for regular monitoring of construction activities going on in the State and make use of Geographic Information System (GIS) technology/ mapping *etc.*, for the purpose [Clause D].

Audit noticed that the measures suggested in the Model Welfare Scheme guidelines for strengthening the machinery for registration of establishments were not complied with in the State. In Manipur, works were registered offline. During the period covered by Audit, only 52 establishments/employers were registered in Labour Department. Further during the course of audit of units of selected work departments and local bodies, audit noticed that 3,524 number of works/establishments<sup>16</sup> being implemented by these units, should have been registered with the Labour Department, however were not registered in violation of the aforesaid provisions of the Act and Rules.

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<sup>16</sup> Works executed by the units during 2017-18 to 2021-22 covered in the Performance Audit.

This indicated that the Labour Department had not made any significant effort to identify and register establishments or employers within the State.

While admitting the audit observation, the Board stated (November 2023) that more publicity drives and inspection would be conducted at construction sites in the future to improve registration of establishment and construction workers at worksite.

#### **2.2.10.2 Non-submission of returns by employers of registered establishments**

Rule 242 of the Rules stipulated that every employer of the registered establishments shall send annually a return relating to an establishment in Form XXV to the Registering Officers before 15 February following the end of each calendar year with a copy to the Inspector having jurisdiction.

Audit scrutiny revealed that none of the 52 establishments/registered employers had furnished requisite annual returns to the Department and to the Board during the period 2017-18 to 2021-22. However, no follow-up action was taken to ensure submission of these returns by the employers.

As such, the details of workers employed and their registration status, details of worker's health and safety condition, *etc.*, at work sites were not available with the Board and Department.

#### **2.2.10.3 Non-establishment of Labour Offices in the districts**

Manipur Building and Other Construction Workers' Welfare Board (Board) was constituted in April 2010 and located at Imphal West.

However, even after 13 years of the establishment of the Board, audit noticed that there were no district offices of the Labour Department and Board in any of the remaining 15 districts of the State.

The Board stated (November 2023) that District Office could not be set up earlier due to shortage of Staff. However, they have appointed 60 regular staff in April 2023 and are working out mechanisms for setting up district office either in Deputy Commissioner's office complex or other government offices.

#### **2.2.10.4 Low registration of construction workers**

In Manipur workers were registered offline. The workers need to submit application form along with personal details, bank account details and certificate from the employer for whom they worked to get registered. As per information furnished by the Labour Welfare Board as of March 2023 there were 1,20,393 registered workers in the State. During audit coverage period the number of workers registered with the Board is shown in the following **Table**.

**Table 2.2.2: Year wise registration of Construction workers**

<b>Year</b>	<b>Number of Registered workers</b>
Up to 2016-17	76,427
2017-18	16,419
2018-19	6,297

Year	Number of Registered workers
2019-20	14,760
2020-21	5,366
2021-22	912
2022-23	212
<b>Total</b>	<b>1,20,393</b>

Source: Departmental Records

The details of year-wise as well as district-wise registered workers are shown in **Appendix 2.2 & 2.3**. The maximum number of workers were registered in Imphal West (29.77 per cent) followed by Imphal East (21.85 per cent).

Audit noticed that there was a decline in registration of workers as beneficiaries' (as shown in **Appendix 2.2**) after 2016-17. The reasons for declining trend in registration of workers can be attributed to lack of sufficient initiative to create awareness by the Board, such as knowledge of benefits payable under various schemes like natural death, education *etc.*, as discussed in **Paragraph 2.2.10.10**.

Audit further noticed that the Board did not update the list of workers by removing workers who were retired, expired and those who left the State.

Section 10 of the Act stipulates that no employer can employ any construction worker until it gets registered with the Labour Department as establishment. For contravention of this provision, they are liable to pay penalty at the rate of ₹ 1,000 for every such contravention as per Section 50 of the Act.

During joint physical inspection of the 11 registered and 32 unregistered work sites, audit noticed that out of a total of 295 workers, only 23 workers were registered as detailed in the **Table** below:

**Table 2.2.3: Registered and non-registered worker from work site**

Type of work	No. of Work sites selected for joint physical verification	No. of workers			
		Employed	Not Registered	Registered	Percentage of not registered
Registered	11	90	89	1	99
Unregistered	32	205	183	22	89
<b>Total</b>	<b>43</b>	<b>295</b>	<b>272</b>	<b>23</b>	

As seen from **Table 2.2.3**, 89 per cent of workers from unregistered worksites and 99 per cent of workers from registered worksites were not registered with the Board, thereby depriving them from receiving benefits of the welfare schemes, due to lack of initiative of the establishments as well as the Board.

The Labour Department also did not impose any penalty to the employer for un-registered workers as per the provisions of the Act.

Out of the 23 registered workers, 14 workers stated that they were aware of one or more of the welfare schemes *viz.*, Education Scheme, Major Ailments and Accident Schemes. However, nine registered workers stated that they were not aware of any schemes.

While admitting to the audit observation, the Board stated (November 2023) that more publicity drives and inspection will be conducted at construction sites

in the future to improve registration of establishment and construction workers at worksite.

#### **2.2.10.5 No facility for registration of Migrant Workers**

As per directives (July 2018) of the Hon'ble Supreme Court of India, the Ministry of Labour and Employment had prepared Model Scheme for Building and Other Construction Workers (BOC). As per the scheme guidelines, a non-domicile worker should not be prevented from getting registered outside his/her state of origin. The destination states are to conduct special drives and ensure that the migrant workers are not discriminated against in registration and delivery of benefits. The Ministry of Labour and Employment, GoI recommended that the State should submit their compliance reports by 31 December 2018.

Further, the Ministry<sup>17</sup> directed (July 2020) the State Welfare Board to develop a Mission Mode Project and operationalise a simple system of Migration certificate within three months. The destination/host State Welfare Board needs to provide the migrant workers the benefits of the Act/Welfare Scheme as they contributed to the prosperity of the state.

However, the Board had neither formulated any such mechanism of registration of migrant workers nor submitted compliance report to GoI till date (May 2024).

This fact was substantiated during the joint physical verification (JPV) which revealed that none of the 114<sup>18</sup> migrant workers out of 295<sup>19</sup> construction workers were registered with any of the State Boards and none of them were aware of any of the welfare schemes which resulted in depriving the migrant workers of the benefits of welfare schemes.

The Board replied (November 2023) that they have appointed the Nodal Officer for Inter State Migrant Workers in November 2023 and opened two facilitation centres. A helpline number for migrant works has also been made operational.

Thus, due to negligence on the part of Board, migrant workers were deprived of the benefit of the welfare schemes.

#### **2.2.10.6 Gaps in sequence of registration number**

Due care should be exercised while assigning registration numbers to each registered beneficiary so as to assign the registration numbers in a systematic pattern without any gaps till completion of a series and commencement of a new series.

Analysis of registration data furnished by the Board, revealed that though the Registering Officers (ROs) assigned unique registration numbers to the beneficiaries, there were 84,876 cases of gaps in the sequence of registration number series as noticed by audit. Due to the gaps in assigning registration

<sup>17</sup> Ministry of Labour and Employment, Government of India.

<sup>18</sup> 65 migrant workers from Registered work site and 49 from unregistered work site.

<sup>19</sup> 90 workers from registered work site and 205 workers from unregistered work site.

numbers, the Board irregularly utilised the gaps by including names of ineligible workers as pointed out in **Paragraph 2.2.15.2.1 (i)**.

#### **2.2.10.7 Non-uniform patterns of assigning registration number**

There was no systematic or uniform pattern of assigning registration numbers to the registered building workers as the workers were registered offline. There were instances where the registration number had the name of the Board, a number and district name (e.g. MBCWB/1066/IE). In some cases, it began with the initial of the Registering Officer (RO) (e.g. KT/MBCWB/IE/2016/1088) while the initial of the RO was at the end in some other cases (e.g. MBCWB/010/BPR/YS). Also, there were cases where the year of registering was inserted in the registration number (e.g. KT/MBCWB/IW/2016/1088). The difference in pattern of assigning registration number also arises as the initial of some Registering Officers was only two letters while others were three. Similar cases arose for initial of the district name with two or three letters.

While admitting the audit observation (November 2023), the Board decided (May 2022) to fully implement Online Registration System and Renewal in the Board's portal through assigning of Unique Identification Number.

#### **2.2.10.8 Allotment of multiple registration number to same person**

Audit analysis of records of beneficiaries registered with the Board revealed that there were 433 cases having same name, same father's name, same address and same date of birth but allotted with multiple registration numbers as shown below:

**Table 2.2.4: Number of beneficiaries holding multiple registration card**

Sl. No.	Number of Registration number allotted to each beneficiary	Number of beneficiary
1	2 cards	426
2	3 cards	7
	<b>Total</b>	<b>433</b>

*Source: Departmental records*

Due to allotment of multiple registration number to same person, multiple claims were made by the same person under the schemes as discussed at **Paragraph no. 2.2.10.9**.

While admitting the audit observation (November 2023), the Board stated that they issue registration number to workers manually and no standard software for registration and preparation of Labour Card are available. However, the Board has developed an AADHAAR (Unique Identity Number) based software for registration of workers which would resolve such issues henceforth.

#### **2.2.10.9 Same name, same father's name, same address but different date of birth**

Scrutiny of the beneficiary list revealed that there were 259 cases out of 1,20,393 registered workers where the name, father's name and address were the same but with different dates of birth. Audit noticed that in eight cases,

payment amounting to ₹ 80,000 for education was made twice to the same name but different card numbers for education scheme in 2019-20. Details are given in **Appendix 2.4**. This happened due to loopholes in allotment of registration numbers to the workers.

#### **2.2.10.10 Inadequate publicity campaign**

As per directives (July 2018) of the Hon'ble Supreme Court of India, the Ministry of Labour and Employment had prepared Model Scheme for Building and Other Construction Workers and Action Plan (for Strengthening Implementation Machinery), which amongst others included spreading of awareness about the welfare schemes to workers at grass roots level through awareness programs rather than by advertisements in newspapers or TV channels.

The awareness campaigns should exclusively and strictly focus on Building and Other Construction Workers (BOC) and should not carry therewith the name and photograph of any public or Government representative. Despite such directives, the names of politicians were seen on the signboards of awareness campaigns.

The Board incurred an expenditure of ₹ 11.30 crore during 2017-18 to 2021-22 for publicity and awareness programs. However, no grass root level awareness program was seen to have been conducted, as per records.

During survey of 991 beneficiaries, it was observed that none of the workers were aware of the publicity hoardings. Thus, it was seen that the Board's awareness campaign, through hoardings and unipoles, could not achieve the desired outcome to generate awareness amongst the targeted workers.

While admitting the audit observation, the Board stated (November 2023) that better awareness programs covering wider spectrum of activities will be conducted in future. Board further stated that they were not aware of the displaying of photographs of elected representatives in the signboards and assured that such violation of directions of the Hon'ble Supreme Court of India and such loopholes in publicity campaigns will be avoided in future.

#### **2.2.10.11 Lack of awareness**

Audit conducted a survey of 991 beneficiaries. Total 696 beneficiaries had availed welfare benefits. Out of the 295 remaining construction workers (registered as well as unregistered) 281 beneficiaries did not know about the schemes.

The following points were observed from the beneficiary survey:

- None of the beneficiaries knew about all the eleven schemes included in the Scheme Rules of the Board;
- Only two (0.20 *per cent*) were aware of five schemes implemented by the Board. No other worker was aware of more than five schemes;

- 488 (49.24 *per cent*) of the beneficiaries surveyed knew of only one scheme;
- The rate of lack of awareness of the seven implemented schemes ranged from 64.68 % (Education Benefit) to 96.87 % (Natural Death).

None of the beneficiaries were aware of the publicity awareness hoardings. Details are shown in *Appendix 2.5 (A) and (B)*.

### **2.2.11 Assessment of cess**

#### **2.2.11.1 Non-assessment of cess**

Section 3 of the Building and Other Construction Workers' Welfare Cess Act 1996 states that cess for the purposes of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, at the rate not exceeding two *per cent* and not less than one *per cent* of the cost of construction shall be levied. Accordingly, cess at the rate of one *per cent* of the cost of construction was fixed in 26 September 1996. As per Rule 6 of the Cess Rule 1998, every employer, within thirty days of commencement of his work of payment of cess, as the case may be, furnish to the Assessing Officer, information in Form I.

Further, rule 7 of the Rule *ibid* states that the Assessing Officer shall scrutinise such information furnished in Form I and, if he is satisfied about the correctness of the particulars so furnished, he shall make an order of assessment within a period not exceeding six months from its receipt and endorse a copy thereof to the employer, to the Board and to the cess collector within five days of such order. Also, as per the Finance Department, GoM order dated 24 November 2017, labour cess collected from the construction of works is to be transferred directly to the Bank account of the Labour Board. The Drawing & Disbursing Officer (DDOs) making such deposits by challans shall through their Administrative Department compile and furnish copies of the challan to the Finance Department at the end of every month.

Though Deputy Labour Commissioner had been appointed as Assessing Officer for the entire State, audit observed the following:

- No assessment of cess was conducted by the Deputy Labour Commissioner during the audit period;
- No returns in Form I were submitted by registered employers to Deputy Labour Commissioner;
- Assessment of the cost of construction was not done as per devised formula which could have determined cess amount recoverable from the employers;
- No mechanism had been devised by the Board to ensure timely assessment of Cess return.

Audit further observed that the Board had no knowledge about the details of the source of Cess amount being credited to their designated account. As such, the

Deputy Labour Commissioner did not carry out any exercise for assessment of actual cess due *vis-à-vis* actual remittances.

While admitting the audit observation, the Board stated (November 2023) that the assessment of Labour Cess could not be done due to non-submission of details of work by the various agencies (Local Bodies, PHED, PWD). Further it was also stated that the Board organised meeting with all the concerned departments (November 2023) and appraised the departments who should submit the information in Form-I.

### 2.2.12 Collection of cess

#### 2.2.12.1 Non collection of Labour Cess while approving Building Plan

Rule 4(4) of the Cess Rules, 1998 stated that where the approval of a construction work by a local authority is required, every application for such approval shall be accompanied by a crossed demand draft in favour of the Board and payable at the station at which the Board is located for an amount of cess payable at the notified rates from the estimated cost of construction.

Test check of the records of the Imphal Municipal Corporation (IMC) and Mayang Imphal Municipal Council (MMC) revealed that 1557<sup>20</sup> building plans were approved under their jurisdiction during audit coverage period for which construction cost was more than ₹ 10 lakh. However, IMC and MMC did not collect labour cess as per the rules while giving approval of building plan.

During the exit conference (November 2023), the Municipal Administration, Housing & Urban Development Department (MAHUD) stated that the provision for collection of labour cess while giving approval of building plan is not included in the building bye law and as such specific instruction/orders in this regard had not been issued.

The reply is not acceptable because as per Cess Rules, 1998 the local authorities are required to collect the cess. Further, Government of Manipur *vide* OM No. 12/1/2011-FR(Cess)/Pt dated 24 November 2017 instructed all the heads of Department to transfer the collected labour cess to the bank account of the Board.

#### 2.2.12.2 Non-deduction of Labour Cess

Audit noticed that two Autonomous District Councils (ADCs), Churachandpur and Senapati, had taken up various construction works under XIV Finance Commission, XV Finance Commission and III State Finance Commission. Details of the funds received and the expenditure of works/construction components are as follows:

<sup>20</sup> IMC: 2017-18= 463, 2018-19= 372, 2019-20= 336,2020-21=148, 2021-22=207 and  
MMC: 2017-18 = 5, 2018-19 = 6, 2019-20 = 6, 2020-21= 8, 2021-22= 7.

**Table 2.2.5: Statement showing non-deduction of Labour Cess**

(₹ in crore)

Name of Office/Scheme	Sanction Amount	Work Component where labour Cess was to be levied	Labour Cess Amount	Labour cess deducted
<b>ADC Senapati</b>				
3 <sup>rd</sup> SFC	37.37	34.71	0.35	Nil
14 <sup>th</sup> FC	54.25	54.25	0.54	Nil
15 <sup>th</sup> FC	20.66	17.08	0.17	Nil
<b>ADC Churachandpur</b>				
15 <sup>th</sup> FC	17.46	10.11	0.10	Nil
<b>Total</b>	<b>129.74</b>	<b>116.15</b>	<b>1.16</b>	

Source: Departmental Records

As seen from the above **Table**, during audit coverage period two ADCs had taken up construction works amounting to ₹ 116.15 crore. However, labour cess amounting to ₹ 1.16 crore had not been deducted.

While admitting the audit observation, the Tribal Affairs & Hills Department stated that Labour Cess was not deducted as per instructions given in the fund flow mechanism and release of Grants under Finance Commission Guidelines that there should not be any deduction from the Grants due to the excluded areas. The Joint Secretary however assured that clarification would be sought from the Finance Department in this regard.

The reply of the department is not acceptable as there are no instructions about non-deduction of Cess, in the fund flow mechanism and release of Grants under Finance Commission Guidelines.

### **2.2.12.3 Loss of Cess fund due to dishonoured cheques**

Cess deducted at source by the implementing department/agencies *etc.*, is deposited to the Board either by Cheque or by direct credit from the account of the implementing department/agencies or through treasury bill.

Test check of the Bank Account of the Board for the years 2017-18 to 2021-22 revealed that 73 cheques for an amount of ₹ 16.08 crore presented for deposit into the account of the Board were dishonoured by the Bank citing insufficient balance or signature mismatch *etc.* The details are given in **Appendix 2.6**.

Audit also noticed that the Board did not initiate any action to recover these funds from the implementing departments/agencies.

While admitting the audit observation (November 2023), the Board stated that details have been called for from the banks and action will be taken with the concerned Departments after receipt of detailed report from the bank.

### **2.2.12.4 Loss due to non-deposit of cheque/demand draft to bank**

As per Rule 5 of the Cess Rules, the proceeds of the cess collected shall be transferred to the Board by the Government Offices, Public Sector Undertaking, Local Authorities or collectors along with the form of challan prescribed (and in the head of account of the Board) under the accounting procedures of the State.

Further, rule 57 (5) of General Financial Rules, 2017 (GFR) states that the Head of the Department and the Accounts Officer shall be jointly responsible for the monthly reconciliation of the figures given in the accounts maintained by the Head of the Department with those appearing in the Accounts Officer's books.

The Board maintains a register<sup>21</sup> of cheques/Demand Drafts (DDs) received from various departments/Public Sector Companies and Private Sector. Audit noticed that 63 cheques/DDs of cess amounting to ₹ 1.43 crore received from various Departments (Central and State), Public Sector Undertakings (PSUs) and Private Sectors were recorded in the register but not reflected in the bank statement (2019-22) of the Board. The details are given in **Appendix 2.7**.

Further, the Board could not furnish any documentary evidence about the cheques/DDs deposited with the Bank. While admitting the audit observation, the Board stated (November 2023) that details have been called for from the bank and action will be taken up with the concerned departments after receipt of detailed report from the bank. However, the Department has not furnished any reply till date (May 2024).

#### **2.2.12.5 Delay in deposit of Labour Cess**

Rule 5 of the Cess rules 1998 states that the proceeds of the cess collected shall be transferred by such Government office, Public Sector Undertaking, local authority, or cess collector to the Board within thirty days of its collection.

Further, Section 8 of the Cess Act 1996, states that if any employer fails to pay any amount of cess payable within the time specified in the order of assessment, interest on the amount shall be paid at the rate of two *per cent* for every month or part of a month from the date on which such payment is due till such amount is actually paid.

Scrutiny of records revealed that labour Cess amounting to ₹ 55.22 lakh deducted by urban local bodies<sup>22</sup> for the construction works was deposited after a delay ranging from one month to 69 months. Delay in deposit of Cess also resulted in liability of penal interest of ₹ 20.08 lakh.

While accepting the audit observation the department assured (December 2023) to co-ordinate with the Local Bodies and the action taken will be intimated to audit.

#### **2.2.12.6 Non-realisation of Registration and renewal fees of workers**

As per Rule 31 of MBOCW Rules 2008, the Board had to collect ₹ 50 as registration fee of workers. As per the recommendation (December 2015) of the Advisory Committee, the monthly renewal fee had been revised from ₹ 2 to ₹ 10 per month. Year-wise number of beneficiaries registered with the Board is given in **Appendix 2.8**.

<sup>21</sup> Registers for the three years of 2016-17 to 2018-19 were not produced to audit

<sup>22</sup> Nambol MC, Heirok MC, Wangjing MC, Andro MC, Thongkhong Laxmi MC, Mayang Imphal MC, Lamlai MC, Samurou MC, Imphal MC, Kwakta MC, Yairipok MC, Lilong MC, Oinam MC and ADC Churachandpur

The Labour Board had not cancelled any beneficiaries' cards due to non-renewal. Therefore, the total amount to be realised during 2010-11 to 2021-22 worked out to ₹ 6.77 crore (**Appendix 2.8**). However, as seen from the bank statement the amount deposited during the period was only ₹ 2.63 crore. Thus, there was a short-realisation of ₹ 4.14 crore.

While accepting the audit observation the Board stated that now the Board has adopted computerised AADHAAR based registration and as such the actual registered active card holder would be ascertained henceforth.

#### **2.2.12.7 Non-transfer of Cess to the Board by the State Government**

As per Section 3 of the Act, proceeds of Cess collected shall be transferred by the local authority or the State Government to the Board after deducting the cost of collection not exceeding one *per cent* of the amount collected.

Details of the Cess collected by the State Government as reflected in the State Finance Account for the year 2010-11 to 2021-22 and the amount to be credited after deducting the cost of collection as permitted by the Act is shown in **Appendix 2.9**.

The State Government had released the Cess collected amounting to ₹ 63.61 crore<sup>23</sup> to the Board only on two occasions out of total Cess collection of ₹ 101.15 crore, leaving a balance of ₹ 37.54 crore.

Non release of Cess to the Board hampered the implementation of welfare schemes as mentioned in **Paragraph 2.2.15.1**.

While accepting the audit observation, the Board requested (May 2022) the State Government to release the pending Cess amount of ₹ 37.54 crore to the Board.

### **2.2.13 Health and safety for workers at work sites**

#### **2.2.13.1 Non-conduct of regular inspections**

Section 42(2) of the Act, 1996 states that the State Government may, by notification, appoint a Gazetted Officer as Chief Inspector of Inspection of Building and Construction who shall be responsible for implementation of the provisions of this Act. Any Inspector appointed under the act shall be subject to the control of the Chief Inspector and shall exercise such powers and perform such functions under this Act subject to the general control and supervision of the Chief Inspector.

The Deputy Labour Commissioner, Manipur has been appointed as Chief Inspector of Inspection of Building and Construction. However, there was shortage of inspectors as only eight persons were in position as against the sanctioned strength of 16.

Audit noticed that no regular inspection was done or planned for inspection at worksites to ensure safety and security of the workers.

<sup>23</sup> ₹ 27,16,92,615 in 2017-18 and ₹ 36,44,27,000 in 2020-21.

The Labour Department replied that regular inspections (month-wise or year-wise) of the building or other construction works could not be planned and conducted due to shortage of inspectors.

The Department further stated that inspections are conducted as and when complaints are received. However, the inspection should also be planned by segregation of the registered work sites according to various risk based criteria and not only on occasional receipt of complaints.

Though Labour Department has a prescribed format (to capture date and time of inspection, details of the inspector and particulars about the establishment) of the Memorandum of inspections, Audit noticed that the inspection reports on the inspections conducted on receipt of complaints were not prepared in the prescribed format. As such, the inspection reports were without observations on overtime payment, workers deployed, facilities provided to workers.

The Labour Department further stated that the Department did not maintain the information at the district level or State Level for inspections conducted, inspection notes issued, and action taken by the employer due to shortage of inspectors.

As such, the Labour Department had not been able to check compliance to health and safety norms by Employers.

## 2.2.14 Administration of Welfare Funds

### 2.2.14.1 Constitution of Fund

The major source of the fund for the Board is from the collection of Cess at the rate of one *per cent* of the cost of construction incurred by the employer under the Act to be utilised for the welfare of construction workers.

The details of receipt and expenditure of the Board for the period from 2017-18 to 2021-22 are as follows:

Table 2.2.6: Receipt and expenditure for the year 2017-22

(₹ in crore)

Year	Opening balance	Receipts					Expenditure	Closing Balance
		Cess collected	Registration	Interest earned	Refund from Fail transaction	Total funds available	Board's Expenditure*	
2017-18	7.28	60.65	0.68	0.80	0.64	70.05	47.56	22.49
2018-19	22.49	35.10	0.27	1.14	0.02	59.02	19.96	39.06
2019-20	39.06	29.23	0.39	0.83	0.61	70.12	51.88	18.24
2020-21	18.24	74.74	0.59	0.67	0.29	94.53	20.54	73.99
2021-22	73.99	50.06	0.70	2.34	1.41	128.50	71.13	57.37

Source: MBOCWBB

\* Includes administrative expenses, expenditure on welfare schemes, publicity and capital expenditure.

From the above **Table** it can be seen that the Cess collection depicted decreasing trend from 2017-18 to 2019-20 which increased substantially in 2020-21. However, there was a downward trend again in 2021-22.

During 2017-18 to 2021-22, the expenditure incurred by the Board was also in a fluctuating trend, which is indicative of the fact that the benefits under welfare scheme were not distributed uniformly.

#### **2.2.14.2 Irregular Expenditure**

The Imphal Municipal Corporation (IMC) issued permits for erection/installation of Unipoles in road median to advertising agencies.

Audit however noticed that the Board had made payment of ₹ 1.12 crore out of the labour cess collected for installation of 51 unipoles to an unregistered agency for three months on a monthly rental basis (February 2021, March 2021 & April 2021) under the jurisdiction of IMC without obtaining any permission from IMC. Audit noticed that due to COVID-19, the IMC did not give permit/renewal to any advertising agency for the calendar year 2020 and 2021.

Thus, the expenditure of ₹ 1.12 crore to an unregistered agency was irregular as advertisement could not be hoarded due to the ban by the IMC.

The Board stated (November 2023) that they were not aware of any ban on hoarding by IMC. Further the Board stated that the payment was made based on actual installation of unipoles.

The reply is not acceptable, as construction of the Unipole without obtaining permission tantamount to unauthorised work. Further, the Board's reply is silent about the assignment of the work to an unregistered agency.

#### **2.2.14.3 Investments of fund in a Non-Nationalised Bank**

The Hon'ble Supreme Court of India directed the Welfare Boards to properly invest those undisbursed funds or funds that are not likely to be disbursed within a short period with the nationalised banks only.

Audit however noticed that at the end of March 2023, out of total available fund of ₹ 57.46 crore the Board invested ₹ 5.31 crore solely in Manipur State Co-operative Bank (MSCB), which is not a nationalised bank, contrary to the direction of the Hon'ble Supreme Court of India.

The Board stated that MSCB is an approved bank to handle government business. The reply is not acceptable as the directives of the Hon'ble Supreme Court of India are about investing only with nationalised banks.

#### **2.2.14.4 Inadmissible expenditure**

The Ministry of Labour & Employment (Ministry) directed (June 2016) the State Governments and UT Administrations not to spend the cess fund for construction of buildings for schools, hospitals, training centre *etc.*, as the fund was not to be utilised for any other purpose other than for welfare of Building and Other Construction Workers and their family.

The Board had incurred expenditure on construction/renovation and purchase of vehicles amounting to ₹ 89.12 lakh, as discussed in the succeeding paragraph.

**a) Renovation works**

The Welfare Board approved (December 2018) ₹ 41.95 lakh on renovation works at Lamphelpat, Secretariat North Block and Directorate Complex Office, North AOC of Labour and Employment Department as shown below:

**Table 2.2.7: List of Renovation work taken up**

(₹ in lakh)

Sl. No.	Name of Work	Estimated Cost	Date of approval by the Board	Cheque no. & date
1	Renovation at Lamphelpat	8.91	28-12-2018	951529 (SBI) 07-01-2019
2	Renovation at Secretariat North Block	6.41		
3	Renovation of 2 <sup>nd</sup> floor at Northern side of Directorate Complex Building, North AOC, Imphal for Labour & Employment Department, Manipur	26.63	19-12-2018	951531 (SBI) 08-01-2019
<b>Total</b>		<b>41.95</b>		

Expenditure of ₹ 41.95 lakh on renovation works was not admissible as the instruction/guidelines of the Ministry does not permit utilisation of cess fund for purposes other than for the welfare of the construction workers.

The Board stated (November 2023) that minor and urgent renovation works were undertaken considering as part of the office expenses.

The reply is not acceptable as the funds meant for welfare of the workers were incurred on non-permissible works.

**b) Purchase of vehicles**

Purchase of vehicles from Cess fund is not admissible as per the direction of the Ministry. Audit noticed that the Board had incurred an expenditure amounting to ₹ 47.17 lakh on purchase of five vehicles during 2017-18 to 2021-22. Details are shown in *Appendix 2.10*.

It was further observed that only one vehicle was utilised by the Board and the rest of the vehicles were not utilised to discharge the functions of the Board.

As such, the Board had incurred an expenditure amounting to ₹ 89.12 lakh<sup>24</sup> in contravention of the directions issued by the Ministry resulting in inadmissible expenditure.

The Board stated that all the vehicles are currently utilised for smooth functioning of the Board and the vehicle were purchased from the administrative expenses permissible limit as per act. The reply is not acceptable as the fund was utilised for procurement of vehicles which does not fall under administrative expenditure.

<sup>24</sup> (₹ 47.17 lakh + ₹ 41.95 lakh) = ₹ 89.12 lakh

### 2.2.14.5 Non completion of construction of shelter home

As per Ministry of Labour & Employment (July 2017), States were advised to take proactive steps to facilitate transit accommodation/ labour shed for the workers, who are predominantly a migratory lot in the area of concentration prior to their finding work.

A Memorandum of Understanding (MoU) for Construction of “Shelter Home of Manipur Building and Other Construction Workers’ Welfare Board” at Heirok was signed (December 2017) between Manipur Building and Other Construction Workers’ Welfare Board and Engineering Wing, Education Department, Government of Manipur. As per Clause 4.1 of the MoU, in the event of delay in execution or in violation of any agreed terms the process to terminate the Agreement and/or reduce the scope of the work may be initiated by giving two-week time to the Agency. The work was awarded (March 2018) to a Special Class Local contractor at a tendered cost of ₹ 1.30 crore with date of completion of the work within 24 months.

First instalment of ₹ 1.02 crore was paid (March 2018) to the Agency and second instalment of ₹ 81.60 lakh during October 2021. The Board had incurred an expenditure of ₹ 1.84 crore against tendered value of ₹ 1.30 crore. The work remained incomplete even after more than 48 months from the scheduled date of completion (May 2024).

Thus, the purpose of construction of shelter home was not fulfilled.

The Department/Board has not furnished any reply (May 2024).

### 2.2.15 Implementation of Welfare Schemes

#### 2.2.15.1 Delay in Implementation of scheme

The Manipur Building and Other Construction Workers’ Welfare Board (Board) was constituted in April 2010 for implementation of the welfare schemes as provided in Act and Rules *ibid*. The Board extends the seven welfare schemes to registered workers. Details are shown in the following **Table**:

**Table 2.2.8: Welfare benefits extended by the Board**

Sl. No.	Name of the Scheme	Mode of payment/benefits	Rate per beneficiary (in ₹)
1	Immediate assistance in case of accident to the beneficiary (Accidental Benefit)	Direct Transfer Benefit Schemes (DBT)	<ul style="list-style-type: none"> <li>₹ 5 lakh in case of death at worksite.</li> <li>₹ 2 lakh in other case</li> </ul>
2	Financial assistance for education of children of the beneficiary (Education)	-do-	<ul style="list-style-type: none"> <li>₹ 5,000 per annum upto Higher Secondary.</li> <li>₹ 7,500 per annum in case of BA/ BSc/ B.Com</li> <li>₹ 10,000 per annum for Post Graduate courses.</li> <li>₹ 37,500 per annum for Medical and Engineering degree.</li> </ul>
3	Medical expenses for treatment of major ailments of a beneficiary (Medical treatment)	-do-	Maximum upto ₹ 45,000 per incident.

Sl. No.	Name of the Scheme	Mode of payment/benefits	Rate per beneficiary (in ₹)
4	Maternity benefit and Health benefit	-do-	₹ 6,000 per child birth upto two children.
5	Natural death relief	-do-	₹ 30,000
6	Skill Development Training	Non DBT	Not fixed
7	Other Benefits <sup>25</sup>	-do-	Maximum upto ₹ 15,000 per beneficiary.

Out of seven schemes the benefit under five schemes is given through Direct Benefit Transfer (DBT) to the beneficiaries.

Details of the expenditure for the period from 2017-18 to 2021-22 on the above mentioned seven schemes are as shown below:

**Table 2.2.9: Scheme wise expenditure for the period 2017-2022**

(₹ in crore)

Year	Five Welfare Scheme (DBT)	Other Benefits	Skill Development	Total
2017-18	9.77	0.11	36.96	46.84
2018-19	14.19	0	0.66	14.85
2019-20	19.07	6.83	19.83	45.73
2020-21	8.46	0.48	3.62	12.56
2021-22	30.71	13.40	6.18	50.29
<b>Total</b>	<b>82.20</b>	<b>20.82</b>	<b>67.25</b>	<b>170.27</b>

Source: Departmental records

Audit noticed that under DBT the benefits given during 2017-18 and 2018-19 were related to the claims submitted during the year 2013-14 to 2015-16 with a delay ranging from two to five years.

For financial assistance for education, disbursement made during 2019-22 amounting to ₹ 36.47 crore pertain to the claims submitted for the year 2016-17.

Similarly, for the other four DBT schemes, disbursement for claim forms submitted for 2016-17 to 2019-20 had commenced only in the year 2019-20.

This indicated significant delay on the part of the Board in implementation of the schemes resulting in inability to provide financial assistance on time to the beneficiaries, which otherwise would have eased hardships faced by the beneficiaries/dependents at the right time.

The Board while admitting the audit observation stated that they are in the process of making Annual Budget and Annual Statements of Account and thus accordingly plan to implement the schemes on time.

### 2.2.15.2 Irregularities in implementation of the Scheme

Irregularities noticed on analysis of the records of 74,838 registered beneficiaries of the State who had availed benefits under one scheme or more during the period covered by audit are given in the following **Table**:

<sup>25</sup> Providing the registered beneficiary with: one bicycle or one set of trade tools or one water tank for improving health and sanitation to needy beneficiaries.

Table 2.2.10: Scheme wise analysis of Beneficiary availing benefit

(₹ in lakh)

Scheme	Incomplete Registration Number		Registration number not in Registration data		Name not matching with Registration Data		Name matching with Registration Data		Total Number of Beneficiaries	
<b>DBT</b>										
	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
Accidental	0	0	8	9.52	23	19.12	28	27.85	59	56.48
Education	23	2.55	7115	778.85	6139	662.93	21918	2202.78	35195	3647.10
Maternity	8	0.48	39	2.34	76	4.56	99	5.94	222	13.32
Major Ailments	481	197.63	1024	411.62	1246	495.91	2066	798.99	4817	1904.15
Natural Death	1	0.30	169	50.70	267	80.10	238	71.40	675	202.50
<b>Sub Total DBT</b>	<b>513</b>	<b>200.96</b>	<b>8,355</b>	<b>1,253.03</b>	<b>7,751</b>	<b>1,262.62</b>	<b>24,349</b>	<b>3,106.96</b>	<b>40,968</b>	<b>5,823.55</b>
<b>Others*</b>										
	No.		No.		No.		No.		No.	
Skill Development	180		1,805		1,076		20,309		23,370	
Other Benefits	97		3,750		2,315		4,338		10,500	
<b>Sub Total Non-DBT</b>	<b>277</b>		<b>5,555</b>		<b>3,391</b>		<b>24,647</b>		<b>33,870</b>	
<b>Grand Total</b>	<b>790</b>		<b>13,910</b>		<b>11,142</b>		<b>48,996</b>		<b>74,838</b>	

Source: Departmental Record

\* Maternity benefits cannot be ascertained as the benefit is given in DBT.

### i) Irregular payment through DBT

Section 11 of the Act states that every building worker registered as a beneficiary under this act shall be entitled to the benefits provided by the Board from its fund under this Act.

Test check of the records of payment to the beneficiaries based on the registration number allotted to registered building workers revealed that payment made to 513 beneficiaries (1.25 per cent) under DBT was without proper registration number and amounted to ₹ 2.01 crore (3.45 per cent).

Further, payments amounting to ₹ 12.53 crore (21.52 per cent) were made irregularly to 8,355 (20.39 per cent) unregistered beneficiaries, as their registration numbers were not in the approved list of registration data maintained with the Board.

Furthermore, out of the registration numbers allotted to these 8,355 beneficiaries, the registration numbers of 1,452 beneficiaries were utilised from the gaps in allotment of registration numbers.

### ii) Payment to the beneficiaries whose names did not match with registration data

Scrutiny of names of the beneficiaries who received financial assistance and names of the beneficiaries as per the registration data revealed that 7,751 beneficiaries who received the financial assistance amounting to ₹ 12.63 crore were not matched with registration data.

This might result in fraudulent payment to persons not registered with the Board. Payment to persons whose name differs from the registration data also questions the evaluation process for selection of eligible beneficiaries.

The Board stated (November 2013) that due to erstwhile practices of maintaining of registration data of beneficiaries manually in separate registers for different Registering Officers, it was difficult to verify the registration number of a beneficiary and their payment details. The Board has however developed new software for registration of beneficiaries generating unique registration number and linked to AADHAAR to prevent cases of duplication of payment and payment to wrong account.

On comparison of the registration data maintained by the Board along with the registration number and particulars of the beneficiaries recorded in the payment advice submitted to the banks/beneficiary list (for the two non-DBT schemes) the following observations were noticed:

- In 790 cases proper registration numbers were not recorded while giving the monetary benefits/ goods/ skill development training.
- In 13,910 cases registration number against which the benefit was given could not be found in the master data maintained with the Board. This may be the cases of giving benefits to non-registered persons. It also indicated the flaw in scrutiny of the claim forms submitted by the beneficiary.
- In 11,142 cases name in the database with the Board did not match with the name as recorded while giving the benefits.

Thus, in 25,842<sup>26</sup> cases, discrepancies were noticed. In the remaining 48,996<sup>27</sup> (65.47 per cent) cases, no such discrepancies were noticed.

Audit analysis revealed that 48,996 cases of benefits were given to 36,431 registered beneficiaries. Further multiple benefits ranging from twice to 13 times was given to 9,244 beneficiaries.

### **2.2.15.3 Excess Payment under same registration number under Education**

The Board disbursed benefits under financial assistance of education of the ward for the claims submitted for the year 2016-17 to 35,915 beneficiaries during 2019-20 to 2021-22. Out of this, there were 21,918 cases where the details/particular in the list of payments and the details/particulars in the registration data of all the registered beneficiaries maintained in the Board were the same.

Further, analysis of 21,918 data revealed the following points:

- i) In 438 cases where registration numbers are same the benefit was given twice,
- ii) In one case the benefit was given thrice,

<sup>26</sup> (790+13,910+11,142=25,842)

<sup>27</sup> (74,838-25,842=48,996)

Thus, the total excess payment amounting to ₹ 43.93 lakh was given to beneficiaries. The details are given in **Appendix 2.11**.

Thus, had proper scrutiny of claim forms been done, the fund could have been used for other welfare program.

The Board stated (November 2013) that they are looking into the matter and will need more time to ascertain the same. However, no further reply has been received (May 2024).

#### **2.2.15.4 Multiple Payment to same bank account**

Analysis of the list of payment made to 35,195 beneficiaries for Education Benefit for 2016-17 revealed that there were 439 bank account numbers in which same amount was paid twice, in five bank account numbers same amount was paid thrice and in one bank account number same amount was paid four times as Education Benefit. Thus, there was total excess payment of ₹ 43.80 lakh as shown in **Appendix 2.12**.

This establishes the fact that the Department had not exercised any check in disbursing payments to the beneficiaries.

#### **2.2.15.5 District wise distribution of Welfare Benefits:**

There were 48,996 beneficiaries whose details/particulars matched in both registration and payment data. Audit analysed the records to check the district wise coverage and found that almost all the benefits were confined to the Valley Districts (Imphal West-33.46 *per cent*, Imphal East-25.41 *per cent*, Bishnupur-17.75 *per cent* and Thoubal-14.37 *per cent*) which altogether accounted for 90.99 *per cent* of the total benefits availed. Details are shown in **Appendix 2.13**.

During the beneficiary survey, these grievances were attributed to non-availability of branch offices of the Board in the various districts of the State.

The Board stated (November 2013) that it is considering to set up field offices in the Districts to register all eligible construction workers.

#### **2.2.15.6 Non-disbursement of Natural death relief within 60 days**

As per directives (July 2018) of the Hon'ble Supreme Court of India and subsequent Judgement,<sup>28</sup> the Ministry of Labour and Employment had prepared Model Scheme for Building and Other Construction Workers and Action Plan (for Strengthening Implementation Machinery). The State Governments are to comply with the action plan.

In case of death of the beneficiary, the Model Scheme emphasized that compensation be disbursed in not exceeding 60 days from the date of death.

The Scheme Rules in the Manipur Building and Other Construction Workers' Welfare Board provides for the financial assistance of ₹ 30,000 for Natural Death Cases to the dependent(s) of the deceased beneficiary.

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<sup>28</sup> dated 19th March, 2018 and 7th May, 2018 in Writ Petition (Civil) No. 318 of 2006

Audit analysed the records for payment made to 675 beneficiaries for Natural Death which revealed that there were 242 cases where financial assistance was given after a delay ranging from 61 days to 1947 days.

Timely payment of the financial assistance to the beneficiary could have helped the families tide over the period of hardships. However, the Board by not adhering to the direction of the Ministry of Labour and Employment defeated the purpose of giving timely financial assistance.

While admitting the audit observation, the Board stated (November 2013) that it will make all the efforts to disburse Natural death relief within 60 days in future.

### 2.2.15.7 Irregular payment under Natural Death Benefit

Analysis of the 675 Natural Death cases revealed that seven registration numbers were used to make double payment for Natural Death Benefit 14 times as shown in the following **Table**.

**Table 2.2.11: Double payment of Natural Death Benefit**

Sl. No.	Registration Number	Name	Year of Payment	Amount (in ₹)
1	MBCWB/10987/IW	Sinam Ranjana Devi	2019-20	30,000
	MBCWB/10987/IW	Wahengbam Shanti s/o Meitankeishangbam Prabita Devi	2021-22	30,000
2	MBCWB/05315/BPR	Ningthoujam Ahanbi Devi	2019-20	30,000
	MBCWB/05315/BPR	Ningthoujam Ahanbi Devi	2020-21	30,000
3	MBCWB/05210/TBL	Nongmaithem Mamta Devi	2019-20	30,000
	MBCWB/05210/TBL	Nongmaithem Mamata Devi	2021-22	30,000
4	MBCWB/04544/IE	Loukrakpam Thoi Leima	2019-20	30,000
	MBCWB/04544/IE	Loukrakpam Thoi Leima w/o (L) L. Inaocha Meitei	2021-22	30,000
5	MBCWB/01107/SPT	N. Henia	2019-20	30,000
	MBCWB/01107/SPT	J Henia	2020-21	30,000
6	MBCWB/01010/SPT	K Yaomila Onia	2020-21	30,000
	MBCWB/01010/SPT	A Akha	2019-20	30,000
7	MBCWB/00412/IW-LI	Khoirom Monika Devi	2019-20	30,000
	MBCWB/00412/IW-LI	Khoirom Monika Devi	2021-22	30,000

Source: Departmental Records

Thus, financial benefit of ₹ 2.10 lakh (₹ 30,000 x 7) had been incurred by the Board without necessary checking of claims already settled.

The Board stated (November 2023) that they are looking into the matter and will need more time to ascertain the same. However, the Department has not furnished the reply (May 2024).

### 2.2.15.8 Payment without submission of Claim forms

As per Section 4 of the Manipur Building and Other Construction Workers' Welfare Scheme, 2016, welfare benefits and facilities are to be given by the Board to the beneficiary building workers on their application.

Test check of the records such as payments to the beneficiaries, claim details, registration data and registration numbers of 675 beneficiaries revealed that payment of ₹ 96.60 lakh was made to 322 beneficiaries who were not in the claim list.

The Board stated (November 2023) that it is most likely the case of misplacement of claim forms due to frequent shifting of the Board Office.

The reply is not acceptable as they have submitted the list in Excel format to audit and analysis were done based on it.

### **2.2.15.9 Skill Development**

#### **i) Excess expenditure against the Rule**

As per Model Welfare Scheme, the expenditure to be incurred for Skill Development in a financial year should not exceed 10 *per cent* of the cess collected in the previous year.

Details of the cess collected in a financial year along with their expenditure on skill development is as shown in the following **Table**:

**Table 2.2.12: Yearly cess collection and expenditure on Skill Development**

*(₹ in crore)*

Sl. No.	Year	Cess Collected	Expenditure on Skill Development	Per cent of expenditure against cess collected during a FY
1	2017-18	60.65	36.96	60.94
2	2018-19	35.10	0.66	1.88
3	2019-20	29.23	19.83	67.84
4	2020-21	74.74	3.62	4.84
5	2021-22	50.06	6.18	12.35
<b>Total</b>		<b>249.78</b>	<b>67.25</b>	<b>26.92</b>

Source: Departmental Records

As seen from the above table, in three (2017-18, 2019-20 and 2021-22) out of the five years, the expenditure incurred on Skill Development exceeded the limit given under the Model Welfare Scheme.

While admitting to audit observation, the Board stated (November 2023) that they will make all effort to adhere to the norms in future.

#### **ii) Selection of Vocational Training Provider (VTP)**

As per Model Scheme, the State Board should coordinate with State Skill Development Missions/ Ministry of Skill Development and Entrepreneurship and National Skill Development Corporation to impart Skill Development and to upgrade and diversify the skills of workers and their dependents.

The Manipur Building and Other Construction Workers' Welfare Scheme 2016<sup>29</sup>, envisaged payment of financial assistance either directly to a Vocational Training Provider or through an agency dealing with Vocational Training Providers.

<sup>29</sup> notified 18-04-2016; Rule 4 (j)(6),

The State Scheme Rule is yet to be amended in line with the Model Scheme circulated by the Ministry of Labour. As such, the selection of the Training Providers were being done at the Board's Office level without coordinating with the State Skill Development Missions/ Ministry of Skill Development and Entrepreneurship and National Skill Development Corporation.

Scrutiny of records revealed that there was instance where the training course provided was not completed and the same has been elaborated in subsequent **Paragraph 2.2.15.10**. It was also found that there were training providers who did not have their own training hall and equipment. Training hall and equipment were taken on rent. Thus, the credibility of the vocational training providers was not verified by the Board.

Had the Board's office worked in coordination with the State Skill Development Missions/Ministry of Skill Development and Entrepreneurship and National Skill Development Corporation for imparting Skill Development to upgrade and diversify the skills of workers and their dependents, the above deficiencies might not have occurred.

While accepting the audit observation, the Board stated (November 2023) that the Board will coordinate with State Skill Development Missions/Ministry of Skill Development and Entrepreneurship and National Skill Development corporation to impart Skill Development and to upgrade and diversify the skills of workers and their dependents in future.

**iii) Selection of the trainees:**

The Board stated (April 2022) that the selection of trainees for Skill Development training was done by the Vocational Training Providers (VTP). During survey, it was revealed that VTPs did not circulate/ widely publish in newspapers for the ongoing courses to be taken up under the Building and Other Construction Workers (BOCW). Selection of the trainees and publicity were done through personal contacts.

Audit findings on selection of the trainees by the VTP are discussed in succeeding paras.

***(a) Selection of Unregistered beneficiary/ worker***

Records of 23,370 beneficiaries who attended training under Skill Development were analysed and noticed that the registration number of 180 trainee list submitted by the training providers were incomplete. 1,805 registration numbers were not available in the registration data maintained by the Board and for 1,076 registration numbers, the names did not match that of the registration data maintained by the Board.

As such, scrutiny of the list of the beneficiaries provided by the training providers was not conducted at the Board level and thus their authenticity could not be established.

***(b) Disparity in district-wise selection of trainees***

Audit analysed the records of 20,309 beneficiaries whose details/particulars matched in both the database<sup>30</sup> and observed that almost all the trainees were confined to the Valley Districts (Imphal West-40.46 *per cent*, Imphal East-25.35 *per cent*, Bishnupur-13.91 *per cent* and Thoubal-15.02 *per cent*). The four districts together accounted for 94.74 *per cent* of the trainees.

**2.2.15.10 Wasteful expenditure on Training**

The Board sanctioned (December 2016) ₹ 54.46 lakh to Info Valley Educational & Research Pvt. Ltd., Guwahati to impart training in Airlines Hospitality & Tourism Management to registered building workers or their spouse and dependent children/siblings.

The Board released (December 2016) ₹ 10.59 lakh<sup>31</sup> as first instalment to the Training Provider. No further instalment was released to the Training Provider. There was no record in support of the completion of the training and utilisation of the fund. It appears that the training was either abandoned mid-way or not conducted at all. There were no records pertaining to the selection of trainees and their placement.

Thus, expenditure of ₹ 10.59 lakh to the Training provider was wasteful.

While accepting the audit observation, the Board directed (May 2022) the Training Provider to refund the amount within a period of 30 days. However, the Department has not furnished the status of refund (May 2024).

**2.2.15.11 Benefit given in Kinds against Ministry order**

As per Model Scheme for Building and Other Construction Workers and Action Plan (for Strengthening Implementation Machinery), precedence will be given to schemes relating to Social security benefits<sup>32</sup> over all other existing benefits. Other benefits can be considered after meeting the priority expenses on Social Security.

Further as per Ministry order (March 2021)<sup>33</sup>, no benefit is to be provided in-kind except in extra-ordinary circumstances such as natural calamities, epidemics, fire, accidents caused due to occupational hazard or similar other crisis, and with prior approval of the State Government and intimation to Labour Welfare, Government of India.

However, as per Manipur Building and Other Construction Workers' Welfare Scheme 2016, the State implemented "Welfare Tools (Other Benefits)" through which assistance in kind was given, in contravention of the above Model Scheme and Ministry's order of March 2021.

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<sup>30</sup> List of Trainees of the Training provider whose detail match with the Registration Data of the Board.

<sup>31</sup> Cheque no. 951046 (SBI) dated 27-12-2016 (the amount was encased on 10-02-2017)

<sup>32</sup> 1) Life and Disability cover, Health and Maternity cover, Education, Housing, Skill Development, Awareness programs and Pension.

<sup>33</sup> No. Z-2001 I/08/2021-BOCW dated 22 March 2021.

During 2019-20 to 2021-22 the Board spent ₹ 20.70 crore on purchase of Sewing Machine, tools kits, Loom machine, Poultry, Piggery, *etc.*, under 'Other Benefits'.

Further, the Board cancelled financial assistance for education of children of the beneficiaries for the years 2018-19, 2019-20 and 2020-21 on the ground that there was extreme financial crisis and if the backlogs of financial assistance for education is disbursed no other schemes can be implemented in future.

Thus, benefit given in kind in contravention of the scheme guidelines by the Board resulted in cancelling financial assistance for education during 2018-19 to 2020-21 and incurred expenditure on the benefit given in kind during the same period.

While accepting to audit observation, the Board stated (November 2023) that the Board would comply with the Model Scheme and Ministry's order (March 2021) henceforth and will make the necessary changes in the State Scheme Rules.

#### **2.2.15.12 Avoidable expenditure due to non-implementation of welfare schemes**

The Manipur Building and other Construction Workers' Welfare Scheme 2016 listed 11 schemes/benefits that are to be provided to every eligible beneficiary who are registered as building or construction worker. Though the Board claimed that all the eleven schemes are extended under the Scheme Rules in their publicity, the four schemes as given below were yet to be undertaken even after a lapse of five years from the date of implementation of the scheme Rule:-

- (a) Pension to the beneficiary building worker who has completed sixty years;
- (b) Loans or advances for construction of a house;
- (c) Premium of Group Insurance Scheme of beneficiary;
- (d) Health Care Insurance.

Out of the four schemes three benefits *viz.*, Pension, Loans or Advances and Premium of Group Insurance Scheme were also listed in the Building and other Construction Workers (Regulation of employment and conditions of service) Act, 1996 enacted by the Central Government.

The Ministry had requested (July 2020) the Chief Secretary to implement Mission Mode Project for Building and other Construction workers. The components of Mission Mode Project included:

- 1) Health Insurance (Ayushman Bharat/ Pradhan Mantri Jan Arogya Yojana);
- 2) Life and Disability Cover (Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana);
- 3) Life Long Pension (Pradhan Mantri Shram-Yogi Maandhan).

For enrolment in these schemes, timeline of three months was given. However, no step had been initiated by the Board to implement the schemes.

Non-implementation of the schemes not only deprived the benefits but also defeated the mandates of the Act.

The department stated that the registered workers had not claimed any of the benefits under the four schemes. The Board further stated that it would process any claims applied for the above mentioned schemes as early as possible.

The reply of the Board is not acceptable as the Board had stated that the four schemes out of eleven schemes were not being implemented in response to audit queries.

#### **2.2.15.13 Non-implementation of financial assistance for Education of children of the workers for three years**

Section 22 (1) of the Act directed the Board to provide welfare measures for the beneficiaries. This included giving financial assistance for the education of children of the beneficiaries.

The Board in its 15<sup>th</sup> meeting (October 2021) decided cancellation of financial assistance for education of children of the beneficiaries for the years 2018-19, 2019-20 and 2020-21 due to extreme financial crisis.

An amount of ₹ 36.47 crore was utilised during the year 2019-22 for payment of financial assistance for education of children of the beneficiaries related to the period 2016-17. Audit observed that an amount of ₹ 59.18 crore<sup>34</sup> could have been received by the Board, had the Board formulated a proper budgetary planning and monitoring of labour cess which could have been utilised for financial assistance for Education of Children of the workers.

Thus, due to lack of proper budgetary planning and monitoring of labour cess on the part of the Board, the potential beneficiaries were deprived of the benefits of education welfare scheme for the years 2017-18 to 2020-21.

#### **2.2.15.14 Absence of mechanism to confirm credit of Welfare Scheme amount into beneficiaries' account**

Payment of Welfare benefits was made to the beneficiaries' bank account(s) through e-payment for which the bank should furnish Unique Transfer Receipts (UTRs) for each advice of such transfer made by the Board. However, the Board had no records of UTRs received (except for the payments made during 2019-20). In absence of UTRs, the Department was not in a position to ascertain transfer of money to the beneficiary.

Scrutiny of Bank statements for the period from 2017-18 to 2021-22 revealed cases of unsuccessful transfer of benefits amounting to ₹ 2.52 crore for all the five welfare schemes implemented by Board as shown below:

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<sup>34</sup> ₹ 37.54 crore from non-release of cess amount by the Finance Department (para 2.2.12.7), ₹ 16.08 crore on account of cess amount reversal due to insufficient fund, signature mismatch, etc., (para 2.2.12.3), ₹ 1.43 crore on account of non-deposit of received cess cheques (para 2.2.12.4) and ₹ 4.13 crore due to short realisation of renewal and registration fees (para 2.2.12.6).

**Table 2.2.13: Details of failed transactions against the expenditure on Welfare Scheme & Covid Expenditure***(₹ in crore)*

Year	Expenditure on Welfare Scheme	Failed Transaction	Numbers
2017-18	9.77	0.63	484
2018-19	14.19	0.03	15
2019-20	19.07	0.60	585
2020-21	8.46	0.29	1,935
2021-22	30.71	1.02	2,227
<b>Total</b>	<b>82.20</b>	<b>2.57</b>	

After audit pointed out, the Board rectified failed transaction of ₹ 90.09 lakhs out of ₹ 2.57 crore to the concerned beneficiaries' account. The balance of ₹ 1.67 crore was not yet transferred to the beneficiaries' account (May 2024).

Absence of an adequate mechanism in place to confirm the actual payment/transfers of welfare benefits to the beneficiaries' account led to not only denial of welfare benefits to the beneficiaries but also indicated the inefficiency and indifference on the part of the Board in monitoring mechanisms of transactions of benefits to the beneficiaries.

The Board stated (November 2023) that they have computerised registration and renewal of construction workers and is making gradual improvements in other areas too. A mechanism to confirm credit of welfare scheme amount to beneficiaries account is also being looked into.

### **2.2.16 Conclusion**

The State Advisory Committee, after its re-constitution in December 2015, was not re-constituted till March 2023 and against the prescribed norms of holding a meeting every six months no meeting was held during the audit coverage period.

The Labour Department had not taken any effort to identify and register establishments or employers within the State. There were deficiencies in the maintenance of register of establishments by the Registering Officers. None of the 52 registered employers had furnished requisite annual returns to the Department and to the Board.

Even after 13 years of the establishment of the board, no district offices of the Labour Department and Board had been established.

Due to lack of initiative of the establishments as well as the Board, 89 *per cent* of workers from unregistered worksite and 99 *per cent* of workers from registered worksite were not registered with the board, thereby depriving them of the welfare schemes. There was no systematic or uniform pattern of assigning registration numbers to the registered building workers resulting in gaps in sequence of registration numbers, allotment of multiple registration number to same person as the registration of the workers is being done offline.

The Board had not formulated any mechanism for registration of migrant workers. There was inadequate publicity campaign resulting in lack of awareness of all the schemes amongst the beneficiaries surveyed.

Even though Deputy Labour Commissioner had been appointed as Assessing Officer for the entire State, no assessment of cess was conducted during the audit coverage period. The Board had no knowledge about the details of the Cess amount being credited to their designated account. The Board suffered loss due to dishonoured Cheques and non-deposit of Cheques and Demand Drafts to bank. State Government did not transfer cess to the Board's account.

Health and Safety norms were notified by the Government, but no inspection to ensure compliance was conducted by the Department/Board. The Department/Board conduct inspection only when they received complain. Instances of irregular payments to ineligible beneficiaries were noticed. Non preparation of budget and lack of proper planning resulted in non-implementation of financial assistance for education of children for three years.

### **2.2.17 Recommendations**

*The Government may consider the following recommendations:*

- *The State Advisory Committee should be re-constituted for better administration of the Act and hold regular meetings as prescribed;*
- *The Board should make efforts to identify and register establishments/employees and properly assess the cess amount;*
- *Registration of workers should be done online with user friendly options and special efforts should be made to register all workers including migrant workers under the Board;*
- *Responsibility should be fixed against concerned Departments/Officers for dishonoured cheques;*
- *The State Government should transfer the Labour Cess amount lying in the Government account to the Board without delay;*
- *Funds should be invested in Nationalised Banks only, in compliance to the direction of the Hon'ble Supreme Court;*
- *The Board should carry out a comprehensive exercise to identify and de-register all ineligible persons.*

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**MUNICIPAL ADMINISTRATION HOUSING AND URBAN DEVELOPMENT**


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**2.3 Performance Audit on Solid Waste Management in Urban Areas**
**Highlights**

- *None of the test-checked ULBs assessed the requirement of funds for waste management and no budget was also prepared in these ULBs.*  
(Paragraph 2.3.8.1)
- *There was no scientific assessment of and accurate data on solid waste generated.*  
(Paragraph 2.3.9.3)
- *Solid waste was not being segregated at source/ household level in any of the seven test-checked ULBs which resulted in mixing up of different kinds of wastes together for disposal.*  
(Paragraph 2.3.10.1)
- *Jiribam Municipal Council (JMC) had practised segregating items of tin, plastic, iron, card board, glasses, damaged shoes, LED bulbs etc. The segregated items were then sold to vendors for further recycling. This practice not only facilitates processed output (compost) towards meeting regulatory standards but also generates revenue for the municipality.*  
(Paragraph 2.3.10.1)
- *High percentage of unregistered households (ranging from 36.34 per cent to 98.58 per cent) showed that collection of segregated solid waste from these households has not been effected which poses risks to health and contaminates the environment.*  
(Paragraph 2.3.11.1)
- *Except in Jiribam Municipal Council (JMC), uncovered and unpartitioned vehicles were used in the remaining six test checked ULBs for door-to-door collection and transportation of solid waste.*  
(Paragraph 2.3.12.1)
- *In all the test-checked ULBs, waste was not processed before its disposal but being dumped without processing in open dumping sites and landfills.*  
(Paragraph 2.3.13.1)
- *During joint physical verification audit observed in the test-checked ULBs that the work force handling waste were without protective equipment.*  
(Paragraph 2.3.13.5)

## Introduction

### 2.3.1 Definition and characteristics of Solid Waste

As per the Solid Waste Management Rules, 2016 (SWM Rules) “solid waste” includes solid or semi-solid domestic waste, sanitary waste, commercial waste, institutional waste, catering and market waste and other non-residential wastes, street sweepings, silt removed or collected from the surface drains, horticulture waste, agriculture and dairy waste. Solid Waste Management is a part of public health and sanitation since solid waste poses a threat to the environment and human life if not handled or disposed of properly.

Waste can be summarised as (i) **solid waste** – consists of household waste, construction and demolition debris, sanitation residue, wastes from slaughter houses & packaging houses and waste from streets, (ii) **plastic waste** - consists of plastic carry bags, pouches, or multi-layered packaging, which have been discarded after use or after their intended life is over, (iii) **e-waste** - consists of end of life products and a range of electrical and electronic items, (iv) **construction and demolition (C&D) waste** - waste arising from activities such as the construction and demolition of buildings, creation of infrastructure such as road planning and maintenance *etc.*, and (v) **medical waste** - waste generated by health care activities, ranging from used needles and syringes to soiled dressings, body parts, diagnostic samples, blood, chemicals, pharmaceuticals, medical devices and radioactive materials. Besides this, there are some other wastes such as battery waste, industrial waste, biomedical waste, mining waste, radio-active waste, discarded motor vehicles, tyre waste *etc.*

The most important task of waste management is to protect the environment. The poor management of solid waste not only causes land and water pollution but also generates many vector and water-borne diseases like cholera, dysentery, jaundice, typhoid and diarrhoea. Therefore, solid waste management is one of the major environmental areas that needs to be addressed effectively.

With growing urbanisation and changing lifestyle, generation of waste and its appropriate disposal has emerged as one of the biggest challenges. The situation is aggravated by inadequate management of waste. Waste management is a State subject and local bodies are responsible for performing waste management related activities.

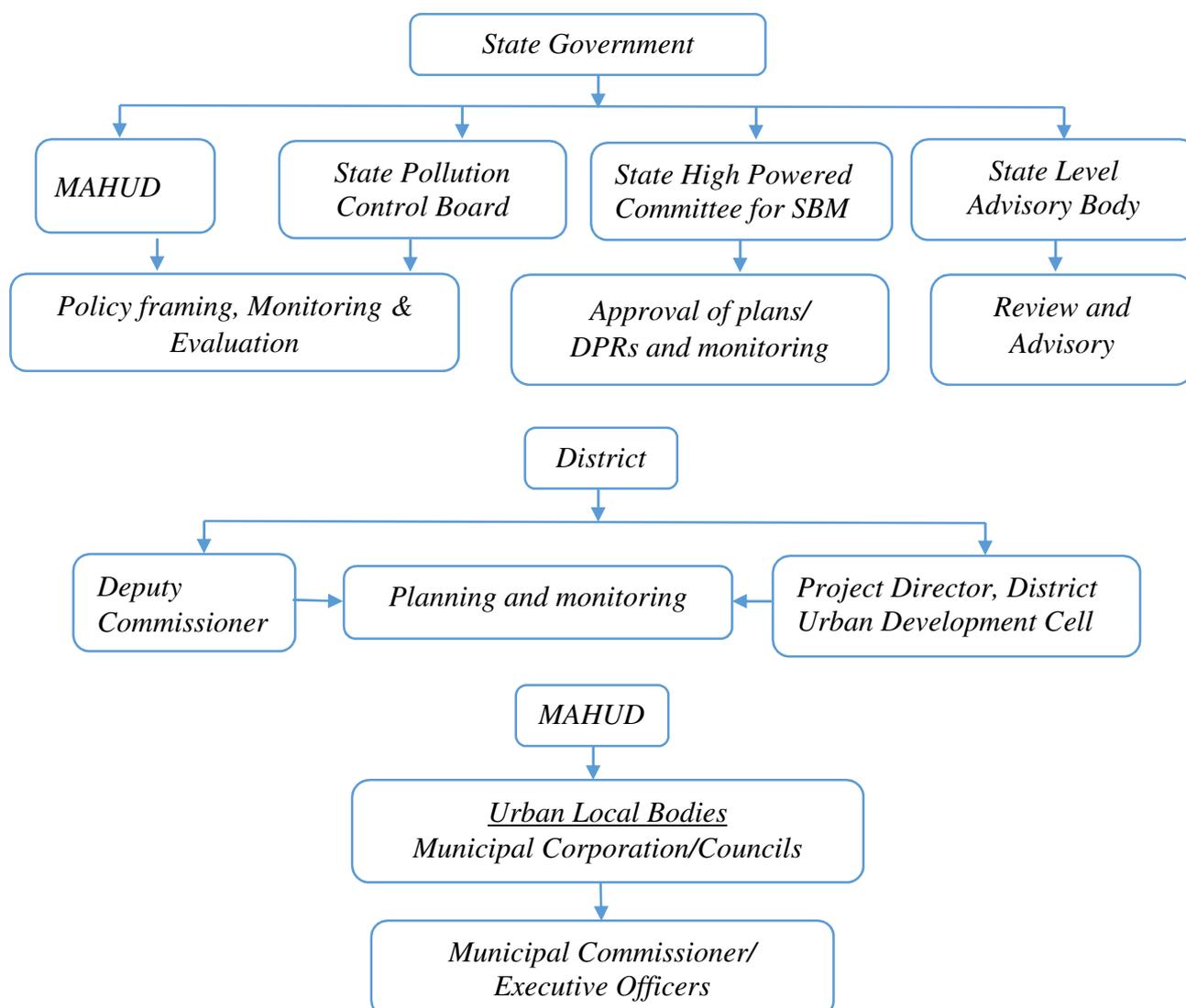
The State covers an area of 22,327 sq. km. with a total population of 28.56 lakh. The urban population of the State as per 2011 Census was 8.34 lakh which was 29 *per cent* of the total population of the State. In Manipur, the Urban Local Bodies (ULBs) are spread out in six valley districts of the State. There are 27 ULBs comprising one Municipal Corporation *i.e.*, Imphal Municipal Corporation (IMC) and 26 Municipal Councils (MC) in the State. Of these 27 ULBs, IMC with a population of 2.68 lakh, is the largest ULB covering almost one third of the total urban population of Manipur.

In urban areas of valley districts of Manipur, Solid Waste Management Rules 2016 were implemented by Municipal Administration, Housing and Urban Development (MAHUD). Whereas in urban areas of hill districts which are under the purview of Autonomous District Councils (ADCs), the management of solid waste is undertaken by the respective ADCs. The Performance Audit of Solid Waste Management in Urban Areas in Manipur was conducted covering the period from 2018-19 to 2021-22.

### 2.3.2 Organisational Structure

The Chart shows the role of various authorities at all levels in planning, execution and monitoring of Municipal Solid Waste (MSW) management.

**Chart 2.3.1: Role of various authorities in MSW management**



SBM- Swachh Bharat Mission.

Source: SWM Rules and Manuals.

MAHUD is the nodal Department for overall monitoring and implementation of SWM in urban areas through ULBs. The Municipal Corporation and Councils (elected bodies) prepare SWM plans and the Municipal Commissioner/Executive Officer monitors the implementation of SWM.

The organisational structure with respect to functioning of Urban Local Bodies (ULBs) in the State is given in **Appendix 2.14**.

### **2.3.3 Audit Objectives**

This Performance Audit was conducted to assess whether:

- “Strategy and planning” of solid waste management in ULBs is commensurate with the wastes generated and concurrent with the prevailing legal framework;
- Municipal tasks associated with solid waste management including collection, segregation, storage, transportation, disposal and social inclusion of informal waste workers were effective, efficient and economical;
- Planning, construction, commissioning, operation and maintenance of solid waste management projects in ULBs was effective, efficient and financially sustainable; and
- Monitoring and evaluation of solid waste management system including adequacy of awareness creation, citizen engagement for effective behavioural change, complaint redressal mechanism for citizens, assessment of environmental impacts and implementation of the “internal control and monitoring mechanism” was adequate and effective.

### **2.3.4 Audit Criteria**

Audit criteria were derived from the following sources:

- Municipal Solid Waste (Management & Handling) Rules, 2000, Solid Waste Management Rules, 2016, Municipal Solid Waste Manuals, 2000 & 2016;
- The Bio-medical Waste (Management and Handling) Rules, 1998 and Biomedical Waste Management Rules, 2016;
- The Plastic Waste (Management and Handling) Rules, 2011 and Plastic Waste Management Rules, 2016;
- The E-Waste (Management and Handling) Rules, 2011 and E-waste Management Rules, 2016;
- The Construction and Demolition Waste Management Rules, 2016;
- National Action Plan for Municipal Solid Waste Management;
- Instructions, guidelines, policies issued by Central Pollution Control Board, State Pollution Control Board, Government of India / State Government on solid waste management from time to time;
- Air (Prevention and Control of Pollution) Act, 1981;
- Orders/instructions of National Green Tribunal and Supreme Court/High Court; and

- State Action Plan, Detailed Project Reports (DPRs) & Bye-Laws of ULBs and other instructions issued by MoHUA, MoE&F and those issued by MAHUD.

### 2.3.5 Audit Scope

An Entry Conference with the Municipal Commissioner, IMC and representatives of MAHUD and Manipur State Pollution Control Board (MSPCB) was held on 28 September 2022 in which the Audit objectives, criteria, scope and methodology were discussed. An Exit Conference with the departmental officials and representatives of other ULBs was held on 28 February 2024. The Audit findings pertaining to the period 2018-19 to 2021-22 were discussed in detail and opinion of the department was also sought during the discussion. The responses of the Department wherever appropriate have been incorporated while finalising the Performance Audit.

### 2.3.6 Audit Sampling and Methodology

Audit included scrutiny of records relating to the functioning of Municipal Administration, Housing and Urban Development (MAHUD), Manipur Urban Development Agency (MUDA), Manipur State Pollution Control Board (MSPCB), seven ULBs out of 27 ULBs in the State selected by Simple Random Sampling Without Replacement method while ensuring that one urban local body from each district is selected *i.e.*, Imphal Municipal Corporation (IMC) and six<sup>35</sup> Municipal Councils (MCs) out of 26 Municipal Councils. Details are shown in **Appendix 2.15**. Besides, joint physical inspection of Municipal Solid Waste (MSW) management sites (collection, dumping/ landfill and processing) in the selected MCs was conducted in Audit and photographic evidence was gathered in support of Audit observations.

### 2.3.7 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Government, sampled ULBs, MAHUD and MSPCB in conducting the Performance Audit.

### 2.3.8 Financial Management

#### 2.3.8.1 Non-preparation of budget by the ULBs

As per Rule 15(x) of the Solid Waste Management Rules (SWM) 2016, Municipal authorities shall make adequate provision of funds for capital investments as well as operation and maintenance of solid waste management services in the annual budget ensuring that funds for discretionary functions of the local body have been allocated only after meeting the requirement of necessary funds for solid waste management and other obligatory functions of the local bodies as per these rules. As per Rule 11 (d) of the rules *ibid*, the

<sup>35</sup> (i) Andro Municipal Council (AMC), (ii) Bishnupur Municipal Council (BMC), (iii) Jiribam Municipal Council (JMC), (iv) Kakching Municipal Council (KMC), (v) Samroun Municipal Council (SMC) and (vi) Thoubal Municipal Council (TMC).

Secretary in charge of MAHUD is required to ensure implementation of provisions of these rules in all local authorities.

Audit noticed that during 2018-19 to 2021-22 none of the test-checked ULBs assessed requirement of funds for waste management and no budget was also prepared in these ULBs. Thus, SWM activities were being carried out without proper financial assessment for meeting the requirement of funds for implementation of solid waste management and other obligatory functions. There was no record of any instruction of the Secretary, MAHUD for preparation of budget relating to solid waste management by the ULBs as envisaged in the SWM Rules 2016.

During the exit conference (February 2024), the Department accepted the audit observation.

### **2.3.8.2 Sources of funds and usage**

The source of fund of ULBs in the State are under XIV and XV Finance Commission allocation, III State Finance Commission (SFC) allocation, Swachh Bharat Mission (SBM), Non Lapsable Central Pool of Resources (NLCPR) and some amount from own sources of revenues *etc.*, for creation of infrastructure for Solid Waste Management (SWM) and carrying out other activities.

The budget for MAHUD does not earmark funds for municipal solid waste management. Further, as there was no separate provision for SWM in the Grants-in-Aid provided to the ULBs, MAHUD could not segregate the funds/grants received and expenditure incurred for implementation of SWM.

However, the position of total funds received *vis-à-vis* expenditure incurred for SWM in respect of the sampled ULBs is given in the **Table** below:

**Table 2.3.1: Statement showing position of total funds received and expenditure on SWM in the test-checked ULBs**

*(₹ in crore)*

Year	Total funds received	Expenditure on SWM	% of expenditure on SWM to total funds received
2018-19	61.67	3.57	5.79
2019-20	81.22	5.57	6.86
2020-21	95.04	5.52	5.81
2021-22	63.48	4.71	7.42
<b>Total</b>	<b>301.41</b>	<b>19.37</b>	<b>6.43</b>

Source: Figures furnished by test-checked ULBs.

As seen from the above **Table**, during the period 2018-19 to 2021-22 the percentage of expenditure in SWM in the test-checked ULBs ranged from 5.79 *per cent* (2018-19) to 7.42 *per cent* (2021-22) of the total funds received. Details of ULB wise expenditure on SWM are given in **Appendix-2.16**.

### **2.3.8.3 Fine for improper waste management**

National Green Tribunal (NGT) directed (August 2018) all the States to comply with various provisions of SWM Rules 2016. For non-compliance, the NGT

directed (May 2019) the Government of Manipur to pay ₹ 200 crore as environmental compensation for improper waste management.

In this connection the Department instructed (January 2020) all the Model Cities/Towns of the State (Imphal, Thoubal, Kakching, Bishnupur, Jiribam and Moirang) to be fully compliant with Waste Management Rules within a period of six months, and one year in case of the remaining towns by giving due priority/emphasis on waste management activities/works while preparing work programmes for timely compliance of the NGT orders.

Audit noticed that due to non-compliance of the directions of the NGT within the timeframe, all the 27 ULBS were paying a monthly fine of ₹ 1.00 lakh, thereby imposing a huge burden on the finances of the ULBs.

Audit could not ascertain since when the fine was being paid by ULBs due to non-availability of records.

Due to non-compliance with NGT directions the ULBs in the State are paying monthly fine to NGT which could impact the implementation of other works.

No reply was furnished by the Department (May 2024).

#### **2.3.8.4 Irregular retention of heavy cash balance for more than 9 years**

Rule 290 of Central Treasury Rules (CTR) stated that no money shall be drawn from the Treasury unless it is required for immediate disbursement. It is not permissible to draw money from the Treasury in anticipation of demand or to prevent the lapse of budget grant.

Further, as per Rule 230 (7) of General Financial Rules (GFR) 2017 (as adopted by Government of Manipur) (i) unspent cash balance at a time should preferably not be more than 3 months of requirements and (ii) funds should be released as per actual requirements and that sanction may precede the release of funds, though its validity may be limited to that financial year.

Moreover, as per orders of the Government of Manipur vide No.1/37/2000-FC dated 3 November 2006, funds lying in Bankers' Cheques/Demand-at-Calls and/or unauthorised bank accounts by any Drawing and Disbursing Officer was a violation of the Central Treasury Rules and renders such DDOs/Heads of Office to administrative/ disciplinary action.

Scrutiny of documents revealed that Directorate of MAHUD retained cash balance of ₹ 2.01 crore in DDO's Bank account as of November 2022. The cash balance pertained to the period prior to 2013. The details are shown in *Appendix 2.17*. The Directorate of MAHUD did not verify/carry out Cash analysis of the cash balance lying in the bank account.

Similarly, MUDA<sup>36</sup> also retained significant cash balance of ₹ 44.87 crore as of March 2022. The cash balances are related to the period prior to October 2014. Details are shown in *Appendix 2.18*.

Both the DDOs irregularly retained huge cash balance persistently for a significant time period, in violation of Government orders dated 3 November 2006.

Retention of huge cash balance indicated that the Department had drawn money from Treasury without immediate requirement. Retention of huge cash balance by the Department violated the Rules *ibid* and was potentially fraught with risk of mis-utilisation of fund. Retention of funds by the Drawing and Disbursing Officer (DDO) beyond the relevant financial year violated the canons of financial propriety and violated the Rules *ibid*.

While accepting the audit observation the Department stated (February 2024) that source and specific purpose for which funds are there in DDO account were not known.

However, the Department should analyse the source and purpose of the fund and should release it to the ULBs for implementation of various schemes including SWM.

## **Audit Findings**

### **2.3.9 Planning and institutional mechanism**

#### **2.3.9.1 Preparation of action plans**

Para 5.2 of MSWM Manual, 2016 stipulates that the five year short term plan should be further detailed into task specific action plans.

Para 7.1 of the National Action Plan for Municipal Solid Waste Management requires each State to assess the local situation and prepare a State Plan considering the preparedness of the local bodies and finalise modalities for setting up of waste processing and disposal facilities. Each State has to follow the waste management policy/hierarchy such as, waste prevention or minimisation, waste utilisation, waste recycling, waste processing, waste to energy conversion and landfilling. Each municipal body will prepare action plan in consultation with the State Urban Department after assessing the status of waste generation and composition. Local bodies are to work out the requirement of tools and equipment to ensure proper segregation, material recovery, storage, transportation, processing and disposal of waste and document it in the form of Detailed Project Report (DPR).

Audit observed that the Action Plan for SWM was prepared in four<sup>37</sup> out of seven sampled ULBs. Thus, three sampled ULBs had not worked out their requirement of tools and equipment to ensure proper segregation, material

<sup>36</sup> Manipur Urban Development Agency (MUDA), the nodal agency of Swachh Bharat Mission, PMAY, AMRUT and NULM under the department of MAHUD

<sup>37</sup> Samrouou MC, Andro MC, Bishnupur MC and Thoubal MC

recovery, storage, transportation, processing and disposal of waste of their respective areas.

Audit further observed that the four ULBs who prepared Action Plan did not implement their respective plans as pointed out in **Paragraph 2.3.10.1, 2.3.13.1, 2.3.14.5.**

### **2.3.9.2 Non-preparation of contingency plans**

MSWM Manuals, 2000 (Para 26.1) and 2016 (Para 5.4) stipulate that ULBs should prepare contingency plans for appropriate storage of waste to tide over situations of non-performance of processing, treatment and disposal facilities. Also, MSWM Manual 2000 (Para 25.2) stipulates that the State Government should prepare a State Policy and strategy on SWM.

The Department notified a State Policy for integrated SWM in December 2021. The Policy highlighted that a long-term management strategy and action plan would be developed.

However, requirement of a contingency plan was neither envisaged in the State Policy on SWM (2021) nor addressed by the test-checked ULBs.

The Department stated (February 2024) that contingency plans will be prepared and incorporated by amending the State Policy.

### **2.3.9.3 Assessment of waste generation**

To achieve the benchmark fixed by the Ministry of Urban Development for household level coverage/efficiency in collection of solid waste, the quantity of solid waste generated daily in municipal areas and the quantum of each service level benchmark was required to be assessed properly.

As per Rule 24(2) of the SWM Rules, 2016, a local body is required to submit its Annual Report on SWM in Form IV to the State Pollution Control Board and to the Director or Commissioner, Municipal Administration or officer in-charge of urban local bodies in the State on or before 30 June every year.

Audit noticed that all the seven test checked ULBs neither assessed daily generation of Solid Waste nor submitted their Annual Report on SWM to any of the aforementioned authorities.

However, the seven test checked ULBs only furnished quantum of Municipal Solid Waste (MSW) generated, collected and processed for the period from 2018-19 to 2021-22 to Audit.

ULB wise population figures after 2011 census were not available. Due to non availability of latest population figures, Central Public Health & Environmental Engineering Organisation (CPHEEO) norms for estimating generation of MSW could not be applied. Details of MSW generated, collected and processed during 2018-19 to 2021-22 are shown in the **Table** below:

**Table 2.3.2: Year wise MSW generated, collected and processed during 2018-19 to 2021-22 by selected ULBs**

(Weight in Tons Per Day)

Sl. No.	Name of ULB	Year	Generation	Collection	Percentage of Collection vis-à-vis Generation	Processed	Percentage of processed vis-à-vis Collection
1	Imphal Municipal Corporation	2018-19	130	125	96	125	100
		2019-20	135	130	96	130	100
		2020-21	125	120	96	120	100
		2021-22	140	132	94	132	100
2	Samurou Municipal Council	2018-19	5.58	0	0	0	0
		2019-20	5.58	0	0	0	0
		2020-21	5.58	2.45	44	2.45	100
		2021-22	5.58	3.13	56	3.13	100
3	Andro Municipal Council	2018-19	3.29	0	0	0	0
		2019-20	3.29	0	0	0	0
		2020-21	3.29	2.85	87	2.7	95
		2021-22	3.29	3.05	93	0.9	30
4	Bishnupur Municipal Council	2018-19	12	4	33	0.97	24
		2019-20	4	3.66	92	0.95	26
		2020-21	2.92	0.83	28	0.92	111
		2021-22	3.75	2.08	55	0.92	44
5	Thoubal Municipal Council	2018-19	17.3	8	46	4	50
		2019-20	17.3	10	58	4	40
		2020-21	17.3	11	64	4	36
		2021-22	17.3	13	75	8	62
6	Kakching Municipal Council	2018-19	10.5	4.5	43	2.5	56
		2019-20	11.3	6.3	56	2.6	41
		2020-21	11.7	7.4	63	4.3	58
		2021-22	12.1	8.5	70	6.36	75
7	Jiribam Municipal Council	2018-19	3.23	0	0	0	0
		2019-20	3.23	2.83	88	2.83	100
		2020-21	3.23	2.68	83	2.68	100
		2021-22	3.23	2.75	85	2.75	100

Source: Departmental records

Audit also observed that except Imphal Municipal Corporation (IMC), the other six test checked ULBs did not make a scientific assessment as they did not have weighbridges to assess the actual daily generation of solid waste. Moreover, audit noticed that no records for waste generation, collection and processing were kept in all the test checked ULBs. In the absence of any verifiable records and equipment required for measurement of the waste generated like weighbridge, the authenticity of the data furnished by the sampled ULBs in the above table was doubtful as observed below:

- In Samurou, Andro, Thoubal and Jiribam MC, waste generation data remained unchanged for four years (2018-22);
- In Bishnupur MC the waste generation decreased in two consecutive years from 2018-19 to 2019-20 and from 2019-20 to 2020-21 and later increased in 2021-22;
- In Bishnupur and Jiribam MC, the data on collection of MSW showed rise and fall in consecutive years;
- In Bishnupur MC, the quantum of waste processed was more than the waste collected in 2020-21.

In the absence of scientific assessment and accurate data on solid waste generated, planning for effective solid waste management strategies which is efficient, cost effective and sustainable would not be possible. Hence, there was a need for installation of weighbridges in all the ULBs at the site of disposal to assess the daily generation of waste and to increase the efficiency of collection and disposal.

The Department replied (February 2024) that assessment of quantum of e-waste is under the purview of Industry Department. The bio-medical waste at Lamdeng site was assessed by the Shija Hospitals & Research Institute. However, assessment of C&D waste is yet to be done and proposal is in the pipeline.

The reply is not acceptable as vital data required for planning of waste management in urban areas should be readily available with the Department. This shows their casual and lackadaisical approach in assessment of municipal waste.

### 2.3.10 Segregation of waste

#### 2.3.10.1 Non Segregation of waste at source

Rule 15 (zg) of the SWM Rules, 2016 envisages that it shall be the duty and responsibility of the local authorities to create public awareness through Information, Education and Communication (IEC) campaign and educate the solid waste generators on practicing segregation of waste into bio-degradable, non-biodegradable (recyclable and combustible), sanitary waste and domestic hazardous wastes at source.

During test-check, it was observed that solid waste was not being segregated at source/ household level in any of the seven test-checked ULBs which resulted in mixing up of different kinds of wastes together for disposal.

Audit also noticed that the ULBs had provided twin bins (green for bio-degradable and blue for non-bio degradable) in market areas for collecting segregated waste at source. However, all kinds of waste irrespective of bio-degradable, non-bio degradable or hazardous waste materials were disposed of without segregating the same at source, as illustrated in the photographs below, thereby showing lack of necessary awareness about segregating waste material and its proper disposal.



*Unsegregated twin bins at JMC*

During exit conference (February 2024), the Municipal Commissioner of IMC stated that orders and notifications have been issued for segregation of waste at source/household level, and all efforts are being put to ensure segregation of waste at source.

### Good Practice

JMC has practised segregating items of tin, plastic, iron, card board, glasses, damaged shoes, LED bulbs *etc.*, from the mixed waste collected from markets and residential areas. The segregated items were then sold to vendors for further recycling. This practice not only facilitates the processed output (compost) towards meeting the regulatory standards<sup>38</sup> but also generates revenue for the municipality. As a result, an amount of ₹ 96,653/- could be generated during 2021-22 by selling the segregated items.



Sl. No.	Waste Category	Process	Selling Price (Rs.)
1	Card Board	Sale to Vendor for recycling	Rs. 3/- per kg.
2	Paper	Sale to Vendor for recycle	Rs. 3/- per kg.
3	Plastic Bottle's (PET)	Sale to Vendor for recycle	Rs. 3/- per kg.
4	Multi layer Plastic	Sale to Vendor for recycle	Rs. 7/- per kg.
5	White Plastic (LDPE Plastic)	To be sent at Cement Factory	
6	Plastic (Broken chair, tube etc.)	Sale to vendor for recycle (HDPE)	Rs. 5/- per kg.
7	Clothes	Sale to Vendor for recycle	Rs. 5/- per kg.
8	Wet Waste	Sale to Vendor for recycle	Rs. 2/- per kg.
9	Sanitary Napkins, Diapers	Composting	Rs. 20/- per kg.
10	E-waste, T.V, Fridge etc.	Disposal through incinerator	
11	LED bulb/Tube light	Sale to Vendor for recycle	Rs. 15/- per kg.
12	Iron	Sale to Vendor for recycle	Rs. 10/- per kg.
13	Tin	Sale to Vendor for recycle	Rs. 6/- per kg.
14	Aluminium	Sale to Vendor for recycle	Rs. 20/- per kg.
15	Shoes/Chappa	Sale to Vendor for recycle	Rs. 2/- per kg.
16	Glass/Broken Glass/ Bottles	Sale to Vendor for recycle	Rs. 1/- per kg.
17	Thermocool Polystyrene	Deep site burial	
18	Tyre/Rubber	Used in protection/decoration at trees	
19	Construction & Demolition of waste	Improvement of paths/galli	
20	PVC Pipe	Sale to Vendor for recycle	Rs. 3/- per kg.
21	Dead animals	Disposal in burial	
22	From a private market waste	Disposal in burial	

### 2.3.10.2 Non-setting up of waste deposition centres for domestic hazardous waste

As per Rule 15(i) of Solid Waste Management Rules, the local authorities shall establish waste deposition centres for domestic hazardous waste<sup>39</sup> and give direction for waste generators to deposit domestic hazardous wastes at these centres for safe disposal. One such facility shall be established for an area of twenty square kilometres or part thereof. Timings of receiving domestic hazardous waste at such centres shall be notified.

However, audit noticed that no such centre for depositing domestic hazardous waste had been set up in all the seven test checked ULBs for its safe storage and disposal. This would pose a risk/threat to the environment and human health as a result of leakage/seepage or through unsafe treatment and discharge.

The matter was brought to the notice of the Department (December 2023); however, no reply was received (May 2024).

<sup>38</sup> Para 3.2.11.1 of the SWM, Manual 2016.

<sup>39</sup> As per Rule 3 (17) of SWM Rules 2016, “domestic hazardous waste” means discarded paint drums, pesticide cans, CFL bulbs, tube lights, expired medicines, broken mercury thermometers, used batteries, used needles and syringes and contaminated gauge, *etc.*, generated at the household level.

### 2.3.11 Collection of solid waste

#### 2.3.11.1 Unregistered households for door-to-door collection of waste

As per Schedule II of Municipal SWM Rules, 2000 and SWM Rules, 2016, ULBs are responsible to arrange door-to-door collection of segregated solid waste from all households including slums and informal settlements, commercial, institutional and other non-residential premises. As per the Service Level Benchmark of the Ministry of Urban Development, 100 *per cent* collection efficiency should be ensured so that uncollected waste do not pose risks to health and contaminate the environment.

All the households under IMC were registered for door-to-door collection of waste *i.e.*, 100 *per cent*. The status of ward-wise registration for door-to-door collection of waste in seven test-checked ULBs is indicated in the following Table:

**Table 2.3.3: Status of registration for door-to-door collection of waste by the test-checked ULBs (as on 31 March 2022)**

Name of ULB	Total no. of households*	No. of households registered for door-to door collection as on March 2022	% of door-to-door collection
Imphal MC	57,614	58,485	101.51
Jiribam MC	1,406	1,386	98.58
Samurou MC	3,224	1,172	36.35
Andro MC	1,669	0	0.00
Thoubal MC	9,454	6,385	67.54
Kakching MC	7,144	6,032	84.43
Bishnupur MC	2,501	1,194	47.74
<b>Total</b>	<b>83,012</b>	<b>74,654</b>	<b>89.93</b>

Source: Records of test-checked ULBs.

\* As per census 2011

As seen from the above table, Audit noticed that as on 31 March 2022, out of 83,012 households in seven test-checked ULBs (as per census 2011), only 74,654 households (89.93 *per cent*) were registered for door-to-door collection of waste. As such, 8,358 households (10.07 *per cent*) remained unregistered. In Andro MC, no household had been registered for door-to-door waste collection. In other MCs, the registration ranged from 36.35 *per cent* (Samurou MC) to 98.58 *per cent* (Jiribam MC).

The high percentage of unregistered households shows that collection of segregated solid waste from these households had not been effected which posed risks to health and environment.

During the exit conference (February 2024), the Department accepted the audit observation.

#### 2.3.11.2 Uncollected garbage fee/ user charges

Audit noticed that Jiribam MC started door-to-door collection of waste from November 2019. During the period from November 2019 to March 2022, the Council had collected scavenging Tax/garbage collection fees from 1386 registered households at the rate of ₹ 50 per month.

However, it was observed that an amount of ₹ 10.96 lakh remained uncollected by the Council. There was no record of demand notice issued to the defaulters. In respect of other test checked ULBs the records relating to collection charges were not maintained.

While accepting the audit observation, the Executive Officer of Jiribam MC stated (February 2024) that the council has started collecting scavenging tax/ garbage collection fees from registered households by restricting the issue of birth certificates *etc.*, to the households not paying such taxes/fees.

### **2.3.12 Transportation**

#### **2.3.12.1 Vehicles not covered and without partition**

Rule 3(52) of Solid Waste Management Rules, 2016 stipulated that conveyance of solid waste, either treated; partly treated or untreated from a location to another location should be made in an environmentally sound manner through specially designed and covered transport system to prevent the foul odour, littering and unsightly conditions.

Audit noticed during Joint Physical Verification (October 2022 to February 2023), that except in Jiribam MC (JMC), uncovered and un-partitioned vehicles were used in the remaining six test checked ULBs for collection and transportation of solid waste as illustrated in the photographs below.



*Vehicles uncovered and without partition*

Audit further noticed that in Jiribam MC, though the vehicles had partitions for wet waste and dry waste, the waste collected were put in both the sections thereby defeating the purpose of segregation of waste.

Thus, the usage of uncovered vehicles and inappropriately designed vehicles cause odour, littering and exposure of waste and mixing up of segregated waste resulting in unhygienic and insanitary conditions.

During exit conference the Municipal Commissioner, Imphal MC stated (February 2024) that all vehicles for transportation of waste under Imphal MC are covered and uncovered vehicles are prohibited as per rule. However, no documentary evidence in this regard was furnished to audit during the exit conference. In respect of other test checked ULBs, no reply was received (May 2024).

### 2.3.12.2 Unregistered vehicles and non-maintenance of Petrol, Oil and Lubricants (POL) Account

Transportation plays a vital role in SWM services. Depending on the local conditions and location of landfill site, ULBs use different types of vehicles such as pushcarts, auto tippers, tractors, tipper trucks and compactors for collection and transportation of waste.

In Manipur transportation of Solid Waste is carried out through Non-Government Organisations (NGOs) and Self Help Groups (SHGs) or by engaging daily wage staff for collecting different types of wastes using ULB vehicles.

The status of vehicles used for SWM activities in the test-checked ULBs is shown in the following Table:

**Table 2.3.4: Status of vehicles used for management of waste**

Sl. No.	ULB	No. of Sanitation Vehicles	No. of off-road vehicles	No. of unregistered vehicles	POL Account
1	Imphal MC	38	13	15	Not maintained
2	Jiribam MC	7	0	7	
3	Samurou MC	5	1	5	
4	Andro MC	18	2	18	
5	Thoubal MC	35	5	35	
6	Kakching MC	7	2	7	
7	Bishnupur MC	6	0	6	
<b>Total</b>		<b>116</b>	<b>23</b>	<b>93</b>	

Source: Information furnished by test-checked ULBs.

However, as seen from the table above, out of 116 sanitation vehicles in the test checked ULBs, 93 vehicles were not registered.

As per Motor Vehicle Act, all public transport vehicles are required to obtain vehicle fitness certificate and possess a valid insurance for vehicle. All the vehicles used by the ULBs were without registration, fitness certificate and valid insurance. Due to violation of Motor Vehicle Act, the following disadvantages may accrue to ULBs:

- (i) If vehicles were not registered, they would not be traceable if lost;
- (ii) In the absence of fitness certificate the vehicles may encounter serious accident which may cause loss of life and property;
- (iii) Vehicle running without insurance is a major risk factor in case of loss of life or damage due to accident.

Further, audit noticed that none of the selected ULBs maintained consumption/utilisation of diesel/petrol (POL) account and mandatory information *i.e.* meter reading, distance run, purpose of use of the vehicle, place of visit and by whom the vehicle was used and to whom the vehicles were allotted *etc.* In absence of such mandatory information, the consumption of POL used in the vehicles *vis-à-vis* the distance covered could not be verified/ascertained. Moreover, documents/records *viz.*, bills, vouchers, Actual

Payee Receipts (APRs) etc., for purchase of POL and any token system for issue of POL could not be shown to audit.

No reply has been received from the Department (May 2024).

### **2.3.12.3 Monitoring transportation or vehicles**

Transportation of MSW from source of generation to the authorised destination is important to ensure its proper disposal. MSWM Manual, 2016 stipulates that communication technologies such as global positioning system (GPS) are to be integrated as part of monitoring of SWM system. This also helps in improving the collection and transportation efficiency of the vehicles.

None of the vehicles in the test-checked ULBs had GPS based solution for tracking and monitoring of vehicles. In the absence of GPS, ULBs were unable to utilise advantages of effective tracking mechanism.

During the exit conference, the Municipal Commissioner of IMC stated (February 2024) that the GPS based vehicles though available in IMC, remain non-functional due to high cost of upkeep and maintenance.

However, the required cost of upkeep and maintenance would have been known to the Municipal Corporation prior to their procurement.

### **2.3.12.4 Idle expenditure on procurement of SWM vehicles**

The Department purchased (November 2020) 75 E-carts out of the fund provided under NLCPR for ₹ 1.50 crore (@ ₹ 2 lakh per E Cart) for distribution to seven ULBs for transportation of solid waste as per the following **Table**:

**Table 2.3.5: Details of E Card issued to Seven ULBs and their status of utilisation**

Sl. No.	Name of ULB	No. of E-Carts issued	Date of Issue to the ULB	Status of utilisation
1	Andro MC	12	August 2021	Not yet put to use
2	Thoubal MC	18	August 2021	Not yet put to use
3	Lilong MC	9	August 2021	Not known as these ULBs were not selected for audit
4	Yairipok MC	9	August 2021	
5	Wangjing MC	9	August 2021	
6	Sikhong Sekmai MC	9	August 2021	
7	Heirok MC	9	August 2021	
	<b>Total</b>	<b>75</b>		

During joint physical verification (December 2022) of two sampled ULBs viz., Andro MC (12 E-carts) and Thoubal MC (18 C-carts), none of the vehicles were utilised (March 2023) and were lying idle since their handing over (August 2021) to the ULBs.

Thus, non-utilisation of E-cart resulted in idle expenditure of ₹ 60 lakh (₹ 2 lakh X 30 E Cart) for more than 19 months.

During exit conference, the Department stated (February 2024) that the E-carts could not be utilised due to non-availability of technical manpower. Further,

non-recruitment of adequate manpower was due to financial constraint of the State Government.

It is evident that the Department procured the vehicles without ensuring technical manpower to run the vehicles which resulted in idle expenditure.

### 2.3.13 Processing and disposal of waste

#### 2.3.13.1 Processing of solid waste

Schedule II of MSW Rules, 2000 and Rule 15 of SWM Rules, 2016 specifies that municipal authorities shall adopt suitable technology to minimise burden on landfill. Criteria to be followed included composting, vermi-composting, anaerobic digestion, or any other appropriate biological processing for stabilisation of waste. Incineration with or without energy recovery including palletisation could also be used for processing wastes in specific cases.

Audit observed that in all the test-checked ULBs, waste was not processed before its disposal but being dumped without processing in open dumping sites and landfills. This not only showed ineffective waste management by the ULBs but also resulted in reduction of quality and quantity of compost. Further, Audit noticed that mixed waste were dumped at unauthorised sites as shown in the following picture.



*Mixed waste dumped near the roadside at Lamphelpat, Imphal*

During the exit conference (February 2024), the Department accepted the audit observation.

#### 2.3.13.2 Non pre-sorting of waste

As per Para 8.10.5 of Manual on MSWM 2000, Pre-sorting of waste at waste processing facilities ensures that the processed output (such as compost) meets the regulatory standards. At small or decentralised waste processing facilities, receiving less than 25 tonnes per day of waste, manual pre-sorting is recommended prior to processing.

Audit noticed that in all the test-checked ULBs, there were compost processing facilities within the landfill sites or within the municipal areas. However, except Jiribam MC and Imphal MC, none of the test-checked ULBs practised

pre-sorting of waste at waste processing site. The following photograph shows mixed waste dumped at the sites.



*Mixed waste dumped at the landfill site of TMC & BMC*

In view of the above, the implementing agencies need to create more awareness among citizens through Information Education and Communication (IEC) activities explaining the necessity of segregation of solid waste at source which is not being practiced in the test checked ULBs. In order to make the system effective, there is also a need to create the necessary facilities to avoid mixing of segregated wastes at subsequent stages.

During the exit conference (February 2024), the Department accepted the audit observation.

### **2.3.13.3 No authorisation from Manipur State Pollution Control Board (MSPCB) for setting up of landfill**

As per Rule 4 (2), of MSW Rules, 2000, the municipal authority or an operator of a facility shall obtain authorisation from the MSPCB to set up waste disposal facility including landfills and comply with the provisions of Schedule I to the Rules *ibid*. As per SWM Rules, 2016, ULBs shall obtain authorisation from MSPCB for disposal facility if the volume of waste exceeds five metric tons per day.

It was noticed that no authorisation was obtained from MSPCB for operating landfills/dumpsites by four sampled ULBs (Jiribam MC, Thoubal MC, Kakching MC and Bishnupur MC). Though Andro MC requested (June 2019) MSPCB for inspection and issue of NOC/authorisation for landfill (June 2019), MSPCB had neither inspected the site nor taken any action in this regard (December 2022).

The volume of waste generated by the four ULBs exceeds five MTD (Imphal MC 140, Kakching MC 12.1, Thoubal MC 17.3 and Jiribam MC eight). Thus, utilisation of landfills without obtaining authorisation from MSPCB and without considering the feasibility for setting up of landfill at the specified sites is in violation of the Rules *ibid*.

### **2.3.13.4 Burning of waste**

National Green Tribunal (NGT) directed (December 2016) ULBs to ensure complete prohibition of open burning of waste on lands, including at landfill

sites and to penalise violators including ULBs responsible for burning waste with an environmental compensation amount of ₹ 5,000 in case of simple burning and ₹ 25,000 in cases of burning of bulk waste.

(i) Instances of burning of mixed waste were noticed in four of the seven sampled ULBs, viz. at Imphal MC areas and at the dumping site of Thoubal MC, Bishnupur MC and Kakching MC. The ULBs could not contain burning of waste. Further, no records for imposition of penalty were made available to Audit. The following photographs indicated burning of waste at Imphal MC areas:



*Burning of waste at Minuthong bridge, near Imphal River*

(ii) During joint physical verification (28 December 2022 and 17 March 2023) at Thoubal landfill site with the officials of Thoubal MC (TMC) it was noticed that heaps of mixed waste were dumped across various parts of the town without any processing. Moreover, instances of the burning of the dumped waste were noticed at the dumping site.

Thoubal MC stated (December 2022) that the waste started burning 14 days back without any known source. The burning of the waste was still continuing at the time of the second joint verification of the site (17 March 2023). This indicates that no action to contain the burning of waste was taken by the Municipality. Due to continuous burning of waste at the landfill site, mixed waste collected by seven MCs under Cluster B were temporarily kept beside the vehicle shed near Composting and Segregation Shed. The following photographs show burning of waste at landfill sites:



*Burning of waste at the dumpsite of TMC*

During the exit conference (February 2024), the Department accepted the audit observation.

### 2.3.13.5 Personal protective equipment

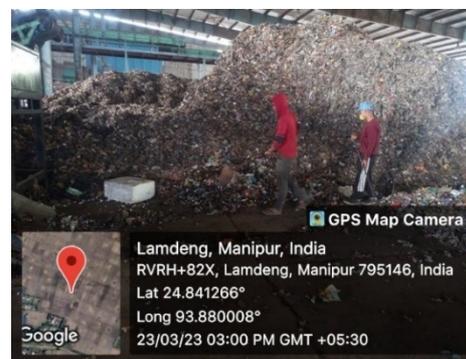
MSWM Manuals, 2000 and 2016 prohibit manual handling of waste. If unavoidable due to constraints, it should be carried out under proper precaution with due care for safety of workers. As per Rule 15 (z d) of SWM Rules, 2016, local bodies shall ensure that the operator of a facility provides personal protection equipment including uniform, fluorescent jacket, hand gloves, raincoats, appropriate foot wear and masks to all workers handling solid waste and are used by workforce.

During joint physical verification (October 2022-February 2023) audit observed that the work force handling waste in the sampled ULBs were without protective equipment particularly gloves and boots though these were provided by the ULBs. No efforts were made by the operators to ensure wearing of these personal protection equipment by the work forces.

Exposure to solid waste without proper protective equipment can have adverse effects on the health of the workers. The ULBs should ensure adequate awareness amongst the workforce for necessity of protective equipment.



*Workers without gloves and boots at Jiribam MC*



*Workers without gloves and boots at Lamdeng Waste Management Plant*

During the exit conference (February 2024), the Department accepted the audit observation.

### 2.3.13.6 Responsibility of Urban Local Bodies on E-waste

Schedule III of E-Waste Rules, 2011 and Schedule IV of EWM Rules, 2016 stipulate the responsibilities of municipal authorities/local bodies as follows:

- (i) to ensure segregation of e-waste from MSW, their collection and to channelise them to authorised dismantler or recycler; and
- (ii) to ensure e-waste pertaining to orphan products is collected and channelised to either authorised collection centre or dismantler or recycler.

It was observed that e-waste was not handed over separately by the households in any the test-checked ULBs but was mixed with MSW. The waste collectors also did not insist/direct the households for segregation of e-waste. Further, no e-waste collection centre was established by the test-checked ULBs.

### 2.3.14 Monitoring & Evaluation

#### 2.3.14.1 Idle expenditure

Test check of records of the Executive Officer, Samurou MC revealed that seven number of Segregation Sheds and one dumpsite in different locations were constructed from the funds provided under State Finance Commission and Central Finance Commission Awards at a total cost of ₹ 75.99 lakh. All the construction works were completed during the period from 2018 to 2020 and full payments were also made. Details are shown in *Appendix 2.19*.

During joint physical verification (November 2022), it was noticed that despite completion of the construction works, the Sheds have not been used till date of inspection. The Executive Officer stated that the main Segregation Shed constructed at a cost of ₹ 20.07 lakh beside the Samurou MC office could cater to/manage for all the waste collected from all the nine Wards under the Council. This indicated that the Council did not make proper planning for construction of the Segregation Sheds as the only shed constructed earlier near the Council office could manage the whole waste collected under the Council.

Construction of sheds without requirement due to lack of proper planning led to idle expenditure of ₹ 55.92 lakh.

Similarly, Thoubal MC had taken up construction of nine items of work related to SWM out of the funds provided under Non-Lapsable Central Pool of Resources during the period from 2018 to 2020. The works were completed in 2020 at the cost of ₹ 94.01 lakh. However, the services of the completed projects and the machineries had not been utilised (March 2023) without any recorded reason (February 2024). The details are shown in *Appendix 2.20*.

During the exit conference, Samurou MC stated that they have started utilising the segregation shed. However, Thoubal MC has not furnished any reply.

### 2.3.14.2 Information, Education and Communication (IEC) Activities

Provisions of MSW Rules, 2000 (S. No. 2 of Schedule II) and SWM Rules, 2016 (Clause 15 (zg)); Manuals on MSWM, 2000 (Section 25.4.2.12) and 2016 (Section 1.4.5.13) underscored the importance of IEC activities and required the State Government and ULBs to create public awareness and educate waste generators to achieve the overall objectives of MSWM. Consumers as well as the general public are required to be educated about the benefits of the 'Reduce, Reuse and Recycle' of waste, so as to get significant public support for recycling and reduction strategies.

All the seven test-checked ULBs had conducted IEC activities by conducting seminars, meetings, wall paintings, stickers *etc.*, encouraging waste generators to segregate wet and dry wastes (i.e. bio-degradable and non-bio-degradable) and to avoid littering *etc.* The table below indicates the status of various modes of communication used in the test-checked ULBs.

**Table 2.3.6: Status of modes of communication in the test-checked ULBs**

Sl. No.	Modes of communication	IMC	JMC	SMC	AMC	TMC	KMC	BMC
1	Audio	Yes						
2	Video	Yes	No	No	No	No	No	No
3	Mass communication	Yes	No	Yes	Yes	No	Yes	Yes
4	Wall Paintings	Yes	Yes	No	No	No	No	No
5	Schools	Yes						
6	Hoardings	Yes						
7	Street plays (jathas)	No	No	No	No	No	No	Yes
8	Pamphlets	Yes	Yes	Yes	Yes	No	Yes	Yes

Source: Information furnished by test-checked ULBs.

It was, however, observed that the following issues related to IEC were not addressed:

- Domestic hazardous waste included both toxic and bio-medical wastes. However, neither the State level authorities (MAHUD and MSPCB) nor district/ULB level authorities notified and publicised the list of domestic hazardous waste. In the test-checked ULBs, segregation of waste at source was not encouraged through IEC activities;
- None of the test-checked ULBs created awareness on provisions regarding levy of penalty for littering, non-segregation of different waste, *etc.*;
- ULBs did not create adequate awareness amongst the work force for utilisation of protective equipment;
- None of the test-checked ULBs encouraged community participation adequately to conduct awareness programme through IEC activities.

The Department replied (February 2024) that the ULBs will be instructed to notify and publicise the list of domestic hazardous waste and also to address the issues related to IEC on waste segregation, penalty and protective equipment *etc.*

### 2.3.14.3 Levy of penalty for violation of rules

Rule 15 (zf) of SWM Rules, 2016 stipulates that ULBs shall frame bye-laws and prescribe criteria for levying of penalties for the persons who litter or fail to comply with the provisions of the rules and delegate powers to officers or the local bodies to levy spot fines.

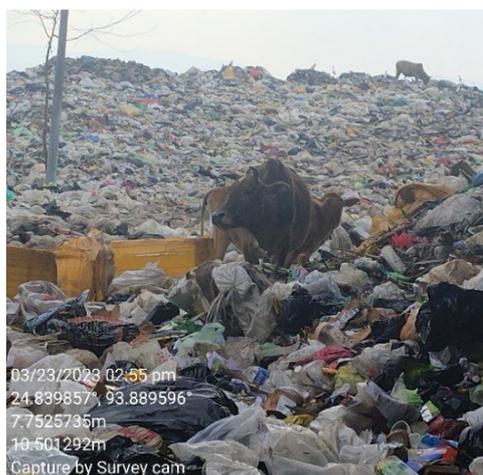
It was noticed that rubbish such as paper, bottles, plastics *etc.*, were left lying in open and public places in the municipal areas. However, inspite of having powers under relevant rules/bye laws, the test checked ULBs did not levy any spot fines except Imphal MC for violation of waste related laws during the period of audit.

During exit conference (February 2024), the Department accepted the audit observation.

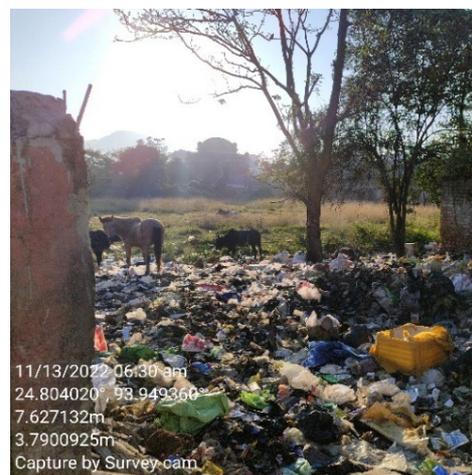
### 2.3.14.4 Ingestion of waste by animals

As per Schedule II to MSW Rules, 2000 and Schedule I (B) (i) 2016, storage facilities should be maintained in such a way that stray animals do not have access to the waste. Poor segregation at source, deficiency in door-to-door collection resulted in improper disposal of kitchen waste/discarded food packed in plastic bags on roadsides, vacant lands and near market areas. Disposal of such waste at such places attracted cattle (stray and domestic) to eat kitchen wastes including plastic.

Audit noticed stray animals feeding on the waste dumped on roadsides/bins and kitchen wastes in plastic bags were pulled out and scattered, rendering the surroundings unclean and unhygienic.



*Stray animals feeding on the mixed waste dumped at Lamdeng Waste Management Plant*



*Stray animals feeding waste lying on open space at New Checkon road opposite to Bazar India store, Imphal*

During exit conference (February 2024), the department accepted the audit observation.

### 2.3.14.5 Non-designation of land for setting up landfills

Rule 11 (f) and 12 (a) of SWM Rules, 2016, states that the State and District authorities shall facilitate identification and allocation of suitable land to set up

solid waste processing and disposal facilities to local authorities within one year from the date of notification of the Rules.

However, out of the seven sampled ULBs, Samurou MC was yet to identify and allocate land to set up landfill facility despite request to the concerned District authority (May 2019). Due to non-availability of suitable land, segregation shed was constructed within the local areas for storage of waste, resulting in unauthorised and unhygienic disposal of mixed MSW dumped in the vicinity of the local area. This would led to unhygienic conditions causing harm to human health and contamination of the surrounding environment.

During exit conference (February 2024), the Department accepted the audit observation.

### **2.3.15 Management of plastic and biomedical waste**

#### **2.3.15.1 Biomedical waste**

As per Schedule III of the Bio-Medical Waste Rules 2016, Local Bodies are to provide or allocate suitable land for development of common bio-medical waste treatment facilities in their respective jurisdictions as per the guidelines of Central Pollution Control Board.

Audit noticed that in all the sampled ULBs, there was no common biomedical waste treatment facility. It was observed that biomedical waste was found mixed with other waste. During physical verification (November 2022), it was noticed that biomedical waste such as syringes, ampoules, *etc.*, were openly dumped in the garbage bins placed at public places. Thus, due to non-allocation of dedicated site for treatment of bio-medical waste by the ULBs the same was mixed with the waste which may have serious health impact.



*Bio-medical waste mixed with other MSW in Jiribam MC*

#### **2.3.15.2 Usage of banned plastic waste**

GoM banned (September 2017) use of plastic carry bags made of less than 50 microns in thickness with effect from September 2017. Further for effective implementation of plastic waste, Manipur High Court issued an order (21 May 2018) directing the ULBs to take up necessary action against the

violators to control rampant use of plastic carry bags in terms of the Plastic Waste Management Rules, 2016.

However, it was observed that no action plan for effective implementation of Plastic Waste (M&H) Rules was prepared in the test-checked ULBs. Records made available showed that no raids had been conducted on commercial establishments and no fines/penalty imposed in the test-checked ULBs, to ensure compliance to the Government notification *ibid*. Only official orders prohibiting rampant use of plastic bags below the thickness of 50 microns had been issued by the ULBs.

During exit conference (February 2024), the IMC stated that raids were conducted and fines for rampant use of banned plastic waste. However, no documentary evidence was furnished to audit.

### 2.3.15.3 Collection, segregation, transportation and disposal of plastic waste

As per Plastic Waste (Management) Rules, 2016 and 2011 (i) municipal authority is responsible for regulating the usage of plastics and for setting up, operationalisation and co-ordination of the waste management systems and associated functions to ensure safe collection, storage, segregation, transportation and disposal of post-consumer plastic waste; (ii) the municipal authorities may ask the manufacturers either collectively or individually as per the principle of Extended Producers Responsibility (EPR) principles to set up plastic waste collection centres to finance establishment of such collection centres; and (iii) to ensure that open burning of plastic waste does not take place.

In this regard, Audit observed that:

- None of the ULBs had established a mechanism or issued direction for collection, handling, storage, transportation and disposal of plastic waste. Thus, implementation of these rules is yet to commence even after 11 years of their notification.
- No plastic waste collection centres were established in the ULBs either by manufacturers or by concerned ULBs.



*Drain full of plastic bottles at JNIMS Hospital, Imphal*

During exit conference (February 2024), the Department accepted the audit observation.

#### **2.3.15.4 Findings on construction and demolition waste**

As per Rule 6(8) of Construction and Demolition (C&D) Wastes Rules, 2016 the local authority shall keep track of the generation of C&D waste within its jurisdiction and establish a data base and update it once in a year.

However, the information on quantum of C&D waste generated in the State/ Urban areas was not available with any ULBs except Thoubal MC and Jiribam MC.

Rule 13 (Schedule III) of C&D Rules, 2016 stipulated an 18-month timeframe for identification of sites for collection and processing facility of C&D waste from the date of notification of this Rule.

However, it was observed that none of the ULBs had identified site for disposal of C&D waste.

Rule 5 (3) of C&D Rules, 2016 authorised local bodies to levy charges for generation of debris and the amount collected may be used to lift, transport and for disposal of C&D waste.

It was observed that none of the test-checked ULBs fixed any charges for management of C&D waste.



*C&D waste lying at the roadside of Paona Bazar, Imphal MC*

Construction and demolition wastes have increasingly created serious problems in environmental, social and economic realms. There was no coherent framework for utilisation of those wastes which were disposed illegally. This harms the environment, contributes to the increase of energy consumption, and depletes finite landfills resources.

During exit conference (February 2024), the Department accepted the audit observation.

### 2.3.16 Focus areas covered in the audit

#### 2.3.16.1 Non-involvement of Self Help Groups and waste pickers in door-to-door waste collection

As per Rule 15(c) of SWM Rules, 2016, the local bodies shall establish a system to recognise waste pickers/informal waste collectors and promote and establish a system for integration of these authorised waste pickers and waste collectors to facilitate their participation in SWM and door to door collection of waste. Further, Rule 11 (m) of the Rules *ibid* stipulates that the ULBs shall start a scheme for registration of waste pickers and waste dealers.

Audit noticed that four (Imphal MC, Thoubal MC, Jiribam MC and Kakching MC) out of the seven sampled ULBs recognised the services of informal waste collectors, three ULBs (Samurou MC, Andro MC and Bishnupur MC) did not recognise organisations of informal waste collectors and integrate them in SWM. As such, no system was established to identify and register waste pickers in the three sampled ULBs.

During the exit conference (February 2024), the Department accepted the audit observation.

#### 2.3.16.2 Training and Capacity Building

As per Para 1.4.5.5 of SWM Manual 2016, there is an urgent need to train and enhance the capacities of staff in MSWM activities. Professionalising the MSW sector will not only build the capacities of workers to perform more effectively and efficiently in the existing conditions, but will also inculcate a sense of responsibility and pride towards their profession. Provision of hygienic and safe working conditions for workers and encouraging the use of personal protective equipment (PPE) should also be part of this effort. The positive impact of such actions on the well-being of all workers (specifically the women) is far-reaching. These efforts will also lead to an improvement in service delivery and hence better management of activities.

It is important that the approach to capacity building in MSW should not only focus on technology but also on different aspects including governance, financing, planning, and improved service delivery. The capacity building approaches that can be adopted for different stakeholders are based on the ULB's requirements.

It was also observed that capacity building activities were neither conducted at State level nor in any of the test checked ULBs.

As per Rule 15(l) of the Solid Waste Management Rules 2016, Municipal Authorities shall provide training on solid waste management to waste-pickers and waste collectors. However, no training was imparted to waste pickers/collectors and staff of any of the test-checked ULBs.

The Department stated during Exit Conference (February 2024) that training and capacity building activities are conducted regularly at State and ULB levels every year and the relevant documents for conducting the same along with the

calendar of training would be furnished. However, no such document has been furnished (May 2024). In this connection, audit asserted that in two of the selected ULBs, viz. Andro MC and Samurou MC, no field level functionaries like Junior Engineer, Sanitary Inspector are available as those ULBs have only one regular Executive Officer and one Chowkidar.

### **2.3.17 Environment Impact Assessment**

#### **2.3.17.1 Assessment of risk to environment and human health posed by waste**

Paragraph 22.2.1 of the MSW Manual 2000 stipulated that Environment and Health Impact Assessment (EHIA) of Municipal Solid Waste Management is intended to identify and predict the impact of these activities and to suggest preventive measures as appropriate on the environment and on people's health and wellbeing and to interpret and communicate information about the impacts.

It was observed that MAHUD and MSPCB did not conduct any assessment of risks to environment and human health posed by waste. Also, the test-checked units did not assess risks to environment and human health posed by waste in the area falling under their jurisdiction.

The Department during exit conference (February 2024) stated that ULBs would be instructed to carry out assessment of risks posed by waste to the environment and humans in consultation with stakeholders.

#### **2.3.17.2 Absence of Water Quality Monitoring of Landfill Sites**

As per paragraph 23 of Schedule III of MSW Manual 2000, the MCs should collect baseline data of ground water quality in the area before establishing any landfill site and keep on record for future reference. The MCs should periodically monitor the quality of ground water within 50 metres of the periphery of landfill site to ensure that the ground water is not contaminated beyond acceptable limits.

It was observed that the test-checked ULBs had not collected the baseline data of ground water quality near the segregation sheds/ landfill sites and did not maintain the related records.

During exit conference (February 2024), the Department accepted the audit observation.

#### **Good Practice**

It was observed that during joint physical verification (March 2023), Lamdeng waste management plant Imphal has started construction of leachate tank for collecting leachate flowing from the open dumpsite. They were designed to hold contaminated ground water which was extracted from the open dumpsite. Once the leachate tank is full the contents were transferred for further treatment or for removal to an appropriate and safe disposal. As a result of this construction, the leachate tanks prevented the hazardous substances from flowing from the dumpsite and entering surface water, ground water or soil.

### 2.3.17.3 Non-existence of Ambient Air Quality Monitoring Mechanism

Paragraph 28 of Schedule III of MSW Manual 2000 provides that installation of landfill gas control system including gas collection system should be made at landfill site to minimise odour generation, prevent off-site migration of gases and to protect vegetation planted on the rehabilitated landfill surface. Ambient air quality at the landfill site and at the vicinity should be monitored twice, four times or six times in a year depending on the size of population of the MC.

It was noticed that none of the ULBs had installed the air quality monitoring system at the landfill site.

During exit conference (February 2024), the Department accepted the audit observation.

### 2.3.18 Service level benchmark data

As a part of the on-going endeavour to introduce greater accountability among urban local bodies to improve urban services, Ministry of Urban Development (MoUD) has prepared Service Level Benchmarks (SLBs) at the national level for service provision in four key sectors *i.e.*, water supply, sewerage, municipal solid waste management and storm water management. The XIII and XIV FCs have also endorsed the principle of benchmarking and included SLB as one of the conditions for the allocation of performance-based grants to ULBs. Current SLBs achievements and future targets for improved service levels are to be furnished annually by ULBs to the State Government and notified in the Gazette. MoUD defined a common minimum framework for monitoring and reporting on performance indicators of which eight performance indicators (detailed in **Appendix 2.21**) pertain to SWM (Para 1.4.2 of MSWM 2016).

Analysis of SLB declarations (2021-22) in respect of these performance indicators by the seven test-checked ULBs showed that in certain cases extent of segregation, household level coverage, efficiency of collection, extent of scientific disposal and efficiency in redressal of customer complaints were up to the targets fixed/benchmarks in most of these ULBs. Achievements of the test checked ULBs *vis-à-vis* targets and benchmarks in respect of these performance indicators are depicted in **Appendix 2.22**.

It was noticed that 100 *per cent* door-to-door collection of waste is yet to be achieved as pointed out at **Paragraph 2.3.11.1** which is contrary to the achievements in SLB claimed (100 *per cent*) by the sampled ULBs. Segregation of waste at household level is yet to be practiced by all the test-checked ULBs. Moreover, efficiency of MSW collection (total waste collected against waste generated) was not satisfactory as it was observed in many areas that unattended wastes were seen lying on roadsides or in public places, with burning of waste at dumpsite. Further, no documentary evidence was furnished in support of the achievements claimed by any of the ULBs.

During exit conference, the Department accepted the audit observation.

### **2.3.19 Conclusion**

During the period 2018-22, Department did not earmark funds for municipal solid waste management in its budget and none of the test-checked ULBs assessed requirement of funds for waste management. The Solid Waste Management activities were carried out without any proper financial assessment in the sampled ULBs.

There were no means to determine reliable quantum of solid waste generated and six out of seven sampled ULBs lacked weighbridges. Solid waste generated was not segregated at source/household level and there was absence of waste deposition centres for domestic hazardous waste.

The Plastic Waste Management Rules, 2016 are yet to be enforced effectively even after 7 years of their notification.

Audit noticed instances of uncovered and un-partitioned vehicles being used by the ULBs for door-to-door collection of solid waste and none of the vehicles used GPS based solution for tracking and monitoring for effective tracking.

E-carts distributed by the Department for transportation of solid waste to ULBs were not being utilised due to lack of required technical persons.

Waste was not processed before its disposal but being dumped without processing in open dumping sites and landfills. Instances of burning of mixed waste in open and dumpsites were noticed in sampled ULBs.

There were deficiencies in conduct of Information, Education and Communication (IEC) activities in the ULBs. ULBs have not allocated dedicated site for treatment facilities of bio-medical waste. No action plan was prepared by ULBs for effective implementation of Plastic Waste Management Rules 2016.

Impact assessment of risks posed by Municipal Solid Waste to environment and people's health was not conducted.

### **2.3.20 Recommendations**

*The Government may ensure that:*

- *The Department should earmark funds for management of Municipal Solid Waste in its budget;*
- *Segregation of solid waste at source should be strictly enforced and implemented and weighbridges should be installed in all the ULBs for assessment of Solid Waste generated;*
- *Transportation of Solid Waste should be done in an environmentally sound manner to prevent spreading of odour, littering etc.;*
- *ULBs should ensure stoppage of the practice of burning solid waste in open/dumping site;*
- *E-carts should be utilised by the ULBs for transportation of solid waste*

- *The ULBs should prepare action plan for implementation of Plastic Waste Rules 2016; and*
- *Assessment of risks to environment and human health posed by waste should be conducted periodically in consultation with stakeholders.*

## COMPLIANCE AUDIT

### RURAL DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT (RD&PR)

#### 2.4 Recovery of liquidated damages

*Two Programme Implementation Units (PIUs) did not adhere to contractual terms and conditions while recovering liquidated damages from contractors executing Pradhan Mantri Gram Sadak Yojana (PMGSY) works*

As per Clause 44 of the General Conditions of Contract included in the Standard Bidding Document (SBD) of Pradhan Mantri Gram Sadak Yojana (PMGSY), the contractor is required to pay liquidated damages at one *per cent* the rate per week or part thereof as stated in the Contract Data.

Audit scrutiny (October 2020- January 2021) of records and information furnished to audit in respect of works taken up under PMGSY by Programme Implementation Units (PIU)-II Bishnupur and PIU-I Churachandpur for the period 2017-2020 revealed that during 2013-19, 32 number of works at the cost of ₹ 93.38 crore were awarded to contractors for execution of road works under the scheme. According to General Conditions of Contract included in the agreements, amount of liquidated damages for delay in completion of works shall be one *per cent* of the initial contract price per week subject to a maximum limit of 10 *per cent* of the initial contract price in the event of failure to complete the work within the stipulated time period as given in the contract.

Audit noticed that the contractors did not complete the works within the stipulated period and there were delays in completion ranging from three to 208 weeks as given in *Appendix 2.23*. However, records made available did not indicate reasons for delays in execution. As per the terms and conditions of the contracts, the total amount of liquidated damages recoverable from the contractors for delay in completion of works amounted to ₹ 8.58 crore.

During the exit meeting (January and September 2021)<sup>40</sup>, the Executive Engineers stated that necessary steps would be taken to recover liquidated damages applicable as per agreement of the works. Out of the recoverable amount of ₹ 8.58 crore, the PIUs recovered (till 14 May 2025) an amount of ₹ 0.77 crore (PIU-II Bishnupur – ₹ 28.59 lakh and PIU-I Churachandpur – ₹ 48.18 lakh) leaving unrecovered liquidated damages of ₹ 7.81 crore. Further, in the cases in which LD was recovered, the basis for the recoveries effected,

<sup>40</sup> PIU-II, Bishnupur – 13-09-2021 and PIU-I & II, Churachandpur – 12-01-2021

was not provided. As delays do not automatically absolve any agency from the liability of payment of LD except if specifically waived, the PIUs were responsible for imposing/recovering LD timely, from defaulting contractors, as per terms of the contracts. However, there was inability to ensure timely enforcement of contractual clauses which indicated weakness in internal controls and lapses in contract management.

***Recommendation: Government should take necessary steps to recover liquidated damage applicable as per agreement of the works to avoid such undue delay in execution of further works.***

## **2.5 Extra expenditure due to award of works at higher rates**

***There was extra expenditure of ₹ 1.73 crore due to award of works at higher rates***

The Rural Roads Manual <sup>41</sup> of the Government of India (GoI) prescribes that roads constructed under the Pradhan Mantri Gram Sadak Yojana (PMGSY) are to be executed providing Water Bound Macadam (WBM) sub-base, preferably by mechanical means so as to minimise their manipulation by hand.

Rule 144 of GFR 2017 states that every authority delegated with the financial powers of procuring goods (including procurement of works) in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement.

The Manipur Schedule of Rates (MSR) (Rural Roads) provides two different rates for execution of works *viz.*, (a) manual means and (b) mechanical means in various types of soil strata e.g., soil, ordinary rock. As per MSR, execution of works by mechanical means is cheaper than execution by manual means.

Audit scrutiny (September 2020 – January 2021) revealed that four Programme Implementation Units (PIUs) namely, PIU-I Churachandpur, PIU-III Churachandpur, PIU-II Bishnupur and PIU-III Senapati executed works including *inter alia* Hill cutting, construction of culverts, Providing and compacting of Water Bound Macadam (WBM) and construction of unlined surface drain *etc.* The works were executed during March 2017 to March 2020 in Bishnupur District (Bishnupur and Moirang block), Churachandpur District (Henglep, Parbung, Tipaimukh and Thanlon Blocks) and Senapati District by adopting the rate for execution of WBM items by manual means instead of adopting the comparatively economical rate of execution by mechanical means. Due to execution of works by manual means, the PIUs incurred extra expenditure of ₹ 63.73 lakh (***Appendix 2.24***).

Similarly, three PIUs namely, PIU-II Bishnupur, PIU-III Churachandpur and PIU-III Senapati, worked out item rates for construction of surface drains by

<sup>41</sup> Para 8.5.1 (b) of the Rural Roads Manual (Indian Roads Congress Special Publication 20-2002)

manual means and awarded works at higher rates. This resulted in an extra expenditure of ₹ 1.10 crore (*Appendix 2.25*).

During the exit meeting<sup>42</sup>, PIU- II Bishnupur, stated that (September 2021) manual means were adopted due to non-suitability of using machineries for a 3m width carriageway village roads. PIU, Bishnupur further stated that there were verbal instructions of encouraging local labour during the road construction, so that, economic condition of the village labour may be increased to some extent. The reply about non-suitability of using machineries was not acceptable because scrutiny of detailed estimates of the same works showed that machinery were to be used on the same roads for excavation of earth. Thus, mechanical means for the Water Bound Macadam (WBM) component could have been employed for such roads.

PIU-I Churachandpur, PIU-III Churachandpur and PIU-III Senapati, stated (January 2021) that the DPRs and estimates were approved by National Rural Roads Development Agency (NRRDA) and the items of works were executed in accordance with the approved DPRs and estimates.

The reply of the PIUs is not acceptable as approvals from NRRDA do not absolve PIUs from their obligation to ensure economy in public procurement as required under GFR Rule 144. The absence of any recorded justification for opting for costlier manual execution further highlights lack of efforts to ensure cost-efficiency in work execution.

No reply has been furnished by the Department and Government (May 2024). Thus, due to execution of works by manual means instead of mechanical means there was an extra expenditure of ₹ 1.74 crore.

***Recommendation: The Government should issue specific instructions to all implementing agencies to ensure that the most economical method of execution is adopted in accordance with applicable manuals and schedules of rates.***

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<sup>42</sup> (i) PIU-I, Churachandpur-12-01-2021, (ii) PIU-III, Churachandpur-12-01-2021, (iii) PIU-II, Bishnupur- 13-09-2021, (iv) PIU-III, Senapati- 13-01-2021